

September 18, 2020

The Honorable Alex Azar  
Secretary  
U.S. Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Secretary Azar:

On behalf of the Association of American Medical Colleges (AAMC), I write to thank you for your continued efforts to combat the Coronavirus Disease 2019 (COVID-19) Public Health Emergency (PHE) and to offer our assistance and recommendations on future funding allocations from the Provider Relief Fund, specifically as it relates to providing additional resources to help faculty physicians provide important services to patients as well support their education and research missions.

The AAMC is a not-for-profit association dedicated to transforming health care through medical education, patient care, medical research, and community collaborations. Its members are all 155 accredited U.S. and 17 accredited Canadian medical schools; more than 400 teaching hospitals and health systems, including Department of Veterans Affairs medical centers; and more than 70 academic societies. Through these institutions and organizations, the AAMC leads and serves America's medical schools and teaching hospitals and their more than 179,000 full-time faculty members, 92,000 medical students, 140,000 resident physicians, and 60,000 graduate students and postdoctoral researchers in the biomedical sciences.

The COVID-19 pandemic has posed enormous challenges and placed tremendous stress on our entire health care system – and teaching hospitals, medical schools, and teaching physicians have mobilized on all fronts to care for patients and contain and mitigate COVID-19. The AAMC applauds the Department of Health and Human Services (HHS) for its efforts to rapidly distribute resources from the Provider Relief Fund, as well as the relief targeted at as many providers in need as possible. We realize that many types of providers across the country are experiencing financial need as the pandemic progresses, and we recognize the inherent complexity and challenges of best distributing these resources. As you consider the distribution of the remaining funds, we urge you to bear in mind the needs of faculty physician practices, which have played a vital role in treating patients and responding to the COVID-19 pandemic but have not received adequate financial support from the PRF. We ask that you ensure that these practices receive a dedicated allocation from the Fund in order to safeguard access to care for patients.

Faculty physician practices are large, multi-specialty group practices comprised of teaching physicians who work at academic medical centers. Teaching physicians typically have faculty appointments at medical schools and provide care in both outpatient clinic and inpatient hospital settings while also training the next generation of residents and teaching medical students and others, and oftentimes performing research. On average, the AAMC members' faculty practices have 989 physicians – making them among the largest physician group practices in the country – in addition to employing other clinical and administrative staff. While many are organized under a single tax identification number (TIN), many others are under the TIN of a medical school, university, or hospital. Regardless of their structure, these group practices routinely deliver team-based care to the most complex and vulnerable patient populations, many of whom require highly specialized care.

Teaching physicians provide critical services for their local communities, including a large percentage of patients who require tertiary, quaternary, and specialty referral care. They also treat a disproportionate share of patients for whom social determinants of health, such as housing, nutrition, and transportation, contribute significantly to additional health challenges, adding greater complexity to their care and further adding to the challenge of treating COVID-19 patients. These are the very patients that are experiencing the disproportionate health and societal burdens of this pandemic.

The COVID-19 crisis continues to cause significant disruption to these physician practices due to the ongoing impact of the cancellation of elective procedures, increased expenses of preparing faculty and staff to participate in institutional efforts for the COVID response, and other nonurgent patient care visits that occurred during the early months of the COVID crisis. We estimate that these practices were losing, particularly in the spring, between 25% and 50% of their revenue as compared to 2019, and it will be nearly impossible for them to ever recover those losses. In addition, many teaching physicians will continue to provide care as frontline providers in teaching hospitals as they treat current COVID-19 patients and others, and once the crisis subsides, continue to perform critical research and train of the next generation of physicians.

Even as more normal operations are able to resume, it will be impossible for these practices to make up this lost revenue. The process of ramping up operations comes with unique costs as practices need to purchase personal protective equipment (PPE), increased testing for staff and patients, enhanced cleaning protocols, and other costly measures – all while seeing a lighter patient volume to maintain adequate social distancing. Practices also need to be ready for a second surge during the winter when many have warned about the combined impact of COVID-19 and the flu season. Additionally, faculty physician practices, due to their large size, have largely been ineligible for other financial relief provided to smaller practices, such as small business loans.

It is clear that financial assistance is critically needed to ensure the longevity and ability of these practices to provide care to patients for the duration of this crisis and into the future and to ensure that the current cadre of teaching physicians will be able to conduct research, teach, and lead efforts aimed at improving the health of their communities. After initial delays, we appreciate

that faculty physician practices ultimately received support from the second distribution of the Provider Relief Fund. It is critical that HHS quickly provide future Provider Relief Fund dollars to these providers, and we ask HHS to expedite these funds in future allocations.

The old adage that “if you’ve seen one faculty practice plan, you’ve seen one faculty practice plan” remains true. While these plans share many characteristics, they also have wide differences in structure. Allowing for and addressing these differences and not inadvertently creating regulatory obstacles will be key to successfully assisting these faculty practices. As you work to distribute the remaining resources in the Provider Relief Fund, the AAMC urges you to ensure faculty physician practices receive the support they need by allocating additional resources based on the following:

### **Designating Specific Funds for Faculty Physician Practices**

Should HHS transition Provider Relief Fund allocation to an application-based process, the AAMC urges you to designate \$10 billion specifically for faculty physician practices. Because many of these practices have faced challenges it is critical that there are funds set aside so that faculty physician practices do not have to compete in a pool with hospitals, health systems, and other providers who have already received the majority of the distributions.

### **Identifying Faculty Physician Practices**

While many faculty physician practices operate under their own TIN, many are organized under their teaching hospital affiliate’s TIN, thus making these practices difficult to target for additional funds based on that identifier alone. The AAMC recommends that HHS require faculty physician practices to attest to their status as a faculty physician practice, meaning that the physicians who work in the practice plan have an appointment at the related medical school.

### **Calculating Lost Revenue and COVID-19 Expenses**

To compensate for lost revenue, we recommend that HHS calculate lost revenue payments to physician practices based upon a comparison of monthly revenues from the prior six months or from 2019 in comparison to actual revenue for the same month in 2020. Lost revenue should be determined based on revenue from all payers (not just Medicare/Medicaid).

To compensate for expenses incurred due to the COVID-19 pandemic, the AAMC suggests that HHS be clear in stating what is reimbursable through the Provider Relief Fund. Clear guidelines are imperative to ensure that both HHS and providers are not expending unnecessary efforts to apply for these resources.

### **Retroactive Compensation**

Many faculty physician practices have experienced regulatory barriers to receiving resources from the Provider Relief Fund but have still been preparing and responding to the pandemic since early 2020. The AAMC recommends that HHS make faculty physician practices eligible for retroactive compensation for losses and expenses incurred previously to the establishment of a faculty practice plan specific allocation dating back to January 1, 2020. While eligibility for funds going forward is critical, many practices – especially those in high impact areas –

sustained the majority of their losses throughout the spring and summer. It is critical that HHS allow faculty practices to attest to these losses.

The AAMC appreciates your consideration of our recommendations for distributing resources from the Provider Relief Fund to faculty physician practices. Please consider the AAMC a resource, and should you have any additional questions, please do not hesitate to contact me directly at [kfisher@aamc.org](mailto:kfisher@aamc.org) or AAMC Chief Health Care Officer Janis M. Orlowski, MD ([jorlowski@aamc.org](mailto:jorlowski@aamc.org)).

Sincerely,



Karen Fisher, JD  
Chief Public Policy Officer  
Association of American Medical Colleges

Cc: The Honorable Eric Hargan, Deputy Secretary  
The Honorable Seema Verma, CMS Administrator  
The Honorable Brett Giroir, MD, Assistant Secretary for Health  
The Honorable Robert Kadlec, MD, Assistant Secretary for Preparedness and Response