



**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

June 23, 2020

The Honorable Alex M. Azar, II  
Secretary  
U.S. Department of Health & Human Services  
Hubert H. Humphrey Building  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Secretary Azar,

Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, critical access hospitals in our districts have expressed gratitude for HHS, SBA and PPP funding measures to offset the increased expenses and losses incurred while combating coronavirus. The funds for rural health providers have allowed such facilities to save lives while avoiding bankruptcy. However, as hospitals look forward at their financial reporting requirements, they are expressing concerns regarding the issue of cost reporting for the COVID-19 period.

We ask that HHS issue guidance to Medicare providers on reporting the funds received during the pandemic as grant funds in their Annual Medicare Cost Reports. Therefore, according to CMS's Provider Reimbursement Manual – Part 1, Section 600:

“For cost reporting periods beginning on or after October 1, 1983, grants, gifts, and income from endowments, whether or not the donor restricts the use for a specific purpose, are not deducted from a provider's operating costs in computing reimbursable cost.”

If hospitals are required to offset these federal funds against operating costs when computing reimbursable cost, this would significantly impact critical access hospitals and potentially lower future reimbursements by as much as 35-60 percent of the funds received from HHS and SBA.

It appears that the issue surrounding cost reporting was not adequately addressed by the CARES Act. Our intention was not to have any of these funds offset against the reimbursable operating cost of the providers or to impact their future rates.

Therefore, we ask that the Department provide formal guidance for this particular source of income to be treated as a grant, in order to avoid offsets against reimbursable costs. We remain hopeful that HHS will give thoughtful consideration to remedy the issue.

Sincerely,



Jim Hagedorn (MN-01)  
**Member of Congress**



Tom Emmer (MN-06)  
**Member of Congress**



Betty McCollum (MN-04)  
**Member of Congress**



Pete Stauber (MN-08)  
**Member of Congress**



Collin C. Peterson (MN-07)  
**Member of Congress**



Angie Craig (MN-02)  
**Member of Congress**

Dean Phillips (MN-03)  
**Member of Congress**



Brian Fitzpatrick (PA-01)  
**Member of Congress**



Troy Balderson (OH-12)  
**Member of Congress**



Cindy Axne (IA-03)  
**Member of Congress**



Xochitl Torres Small (NM-02)  
**Member of Congress**



Jeff Van Drew (NJ-02)  
**Member of Congress**



Tom O'Halleran (AZ-01)  
**Member of Congress**



Bennie G. Thompson (MS-02)  
**Member of Congress**