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September 1, 2021

Via Electronic Transmission

The Honorable Xavier Becerra
Secretary
U.S. Department of Health & Human Services
200 Independence Avenue, SW
Washington, DC 20201

RE: COVID-19 Financial Relief for Long-Term Care (LTC) Pharmacies

Dear Secretary Becerra:

We are writing once again to request that funds remaining in the Provider Relief Fund (PRF) be distributed as soon as possible and that long-term care (LTC) pharmacies be eligible for fair and proportionate relief from that distribution. Our companies comprise 30% of the LTC pharmacy sector and we are members of the Senior Care Pharmacy Coalition (SCPC), which represents 75% of the sector overall. Throughout the pandemic we and the entire LTC pharmacy sector have maintained uninterrupted round-the-clock access to prescription medications and related patient care services to residents in LTC facilities, and assured efficient and effective access to COVID-19 vaccines. The federal government now tacitly expects us to do the same for vaccine boosters while continuing to provide initial vaccine doses to new residents and in some cases to facility staff. We have sustained significant economic damage in the process, and yet have not received meaningful assistance from the PRF.

Each day, nearly two million Americans in LTC facilities rely on LTC pharmacies to manage and deliver their medications and to provide related patient care and services. These individuals suffer from multiple complex and chronic conditions, and rely on an average of 12 to 13 medications per day. LTC pharmacies provide not only those prescription drugs, but also a variety of clinical and patient care services essential to resident health and quality of life. Federal law specifically requires that LTC pharmacies provide health care services as well as prescription drugs to residents in LTC facilities. Getting the medication management right for the vulnerable citizens in long-term care facilities is crucial to their personal health and the quality of care provided in these settings. LTC pharmacies are the essential behind-the-scenes partner that make sure this process goes smoothly.

It is no secret that LTC facilities and their residents have faced enormous and continuing challenges during the COVID-19 outbreak. While infection and death rates plummeted in LTC facilities in response to the initial wave of vaccinations, the Delta variant presents a growing risk even as President Biden has announced a vaccine booster program that will begin September 20. Our companies, and LTC pharmacies more widely, were instrumental in getting initial vaccines to these residents and continue to do so for new residents. We also will be essential to getting boosters to residents and initial doses to new residents and LTC facility staff.

Particularly now, residents can ill afford interrupted access to drugs. While the pandemic has presented enormous challenges for LTC pharmacies, we are proud of the consistent support our sector has provided to the long-term care facility residents we serve. Our individual pharmacies across all 50 states have dispensed thousands of prescriptions every day without interruption throughout the COVID-19 pandemic. The absence of the timely, consistent pharmacy support we provide would make the dire circumstances LTC facilities continue to face much worse, particularly on the cusp of the booster program.

Due to the pandemic, LTC pharmacy revenues have dropped more than 10% while costs increased 10% through the second quarter of this year. Unfortunately, the COVID-19 vaccination program exacerbated pandemic-related losses for LTC pharmacies, and the booster program is expected to do so again. SCPC's members have administered hundreds of thousands of vaccine doses to LTC facility residents, and report that the payments they received for vaccine administration covered only 60% of the costs to do so. While we have been happy to help assure that these residents are protected, doing so has worsened the financial impact of the pandemic and underscores that LTC pharmacies deserve relief.

The financial situation for LTC pharmacies mirrors the financial situation for nursing homes and assisted living facilities. Although the Department of Health and Human Services (HHS) allocated more than \$12 billion in much deserved assistance to facilities in 2020, the continuing economic consequences of the pandemic remain dire, and facilities ***are seeking \$20 billion or more in additional PRF assistance.***

By contrast, and despite substantial bipartisan support, HHS has provided almost no relief to LTC pharmacies, and until April of this year would not confirm that LTC pharmacies were eligible for PRF assistance. While we appreciate the written acknowledgement of eligibility, which HRSA provided by letter dated April 14, 2021, this determination has yet to translate into relief for LTC pharmacies since the most recent application period closed November 5, 2020.

Given the uncertainty and confusion in 2020, many LTC pharmacies did not apply for relief because HHS had signaled that they would not be eligible. Some did apply for relief, with disparate results. Some applications were flatly denied. Some applicants received relief, which HHS then recouped without explanation. Some applicants received relief that has yet to be

recouped. Of those that received relief, some received disproportionately lower relief than other providers.

Since enacting the CARES Act in March 2020, Congress has appropriated more than \$185 billion to the PRF to assist providers adversely impacted by the pandemic. From April 2020 to date, we have had extended discussions with various representatives of the Biden Administration and the previous Administration, including representatives from the White House, the Office of the Secretary of Health and Human Services (HHS), the Health Resources and Services Administration (HRSA), and the Office of Management and Budget (OMB) to secure PRF assistance for LTC pharmacies. We also have garnered strong bipartisan support from Members of Congress. However, we have yet to receive fair and proportionate relief.

We do not begrudge LTC facility efforts to secure **additional** assistance from the PRF; in fact, we believe it is essential to recovery for many LTC facilities. However, we also believe that, if providers that already have received substantial relief should get more, LTC pharmacies should get clear and systemic relief for the first time. LTC facilities received more than \$12 billion in 2020 and are seeking at least \$20 billion in 2021. Based on the approach HHS took in 2020, proportionate relief for LTC pharmacies would take no more than \$125 million.¹

It is well past time that LTC pharmacies receive fair and proportionate assistance from the PRF. To continue meeting the challenges imposed by this unprecedented health crisis, and with the vaccine booster program looming, we respectfully request that the next general distribution from the PRF be released immediately and that all LTC pharmacies be eligible to apply for relief from that distribution.

We always will remain committed to our LTC residents and facilities. We have been and remain proactive partners in assuring that the challenges COVID-19 has presented to these essential facilities are never repeated. But we cannot be silent about the outsized impacts the pandemic has had on our sector and our continuing need for relief to fulfill this nation's promise to our most vulnerable citizens.

Respectfully submitted,
The Senior Care Pharmacy Coalition

¹ In 2020, HHS provided relief roughly equal to 2% of annual patient care operating revenues. SCPC estimates that the cost of relief meeting this standard would be roughly \$125 million. This represents 0.07% of the \$178 billion Congress appropriated to the Provider Relief Fund in 2020, and 3/10ths of 1% of the \$43.7 billion remaining in the Provider Relief Fund according to the Government Accountability Office. Of course, if HHS were to establish a new methodology designed to address the continuing financial impact of COVID-19 in Q3 and Q4 of 2020 and Q1 of 2021, as required by the American Rescue Plan enacted earlier this year, LTC pharmacies may be eligible for additional relief.

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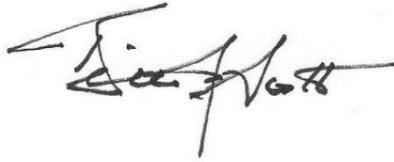
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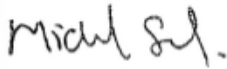
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