Florida hospitals are estimated to lose approximately **$8 billion** from reduced revenues and increased unreimbursed costs related to COVID-19, even after accounting for federal relief. Florida’s recent surge in COVID-19 hospitalizations is putting increased financial pressure on an already strained system.

Lost revenue and unreimbursed costs associated with COVID-19 have impacted hospitals across the State. Federal relief is insufficient and not aligned with losses.

Dramatic increases in COVID-19 hospitalizations, new treatment costs and community investments are compounding the revenue loss challenges Florida hospitals experienced earlier on in the pandemic.
COVID-19 Financial Impact on Florida Hospitals

FHA has surveyed Florida hospitals on a monthly basis since March 2020 to obtain information on lost revenues and increased costs related to COVID-19. Manatt Health developed 4-month and 6-month impact estimates based on the survey data, using the following methodology:

1. For hospitals responding to FHA survey between March-June, identify reported losses from:
   - *Lost revenue* due to delayed or foregone outpatient services, emergency department visits and inpatient elective services, net of avoided costs;
   - *Increased, unreimbursed costs related to COVID-19*, including procurement of personal protective equipment (PPE), new staffing costs, surge planning, etc.\(^5\)

2. Project net losses for survey respondents for July-August, accounting for recent surge in cases and hospitalizations. Projections are based on:
   - Average projected number of hospitalizations through August based on eight models compiled by the Centers for Disease Control and Prevention (see sources below), and;
   - Assumptions related to new local voluntary cancellations of elective services (and resulting lost revenue) in hotspot regions; based on hospital announcements of elective service delays or cancellations through July 31.

3. Extrapolate losses to hospitals not responding to survey by:
   - Identifying per-bed losses for specific regions of the state based on survey data;
   - Assuming non-responding hospitals experienced similar per-bed losses as responding hospitals in the same region.

4. Add payments from federal Provider Relief Fund distributions includes:
   - Estimated payments from General, Rural, and Safety Net Distribution based on methodologies announced by HHS.
   - Two High Impact Distributions based on HHS-reported data plus potential third High Impact Distribution not announced by CMS but that could be distributed based on a similar methodology as those announced to date.

5. Identify total projected Florida hospital losses between March – August 2020 after accounting for federal relief.

\(^5\) Model makes conservative assumption that reimbursement for COVID treatment is equal to cost of delivering patient care; discussion with FHA member hospitals indicate reimbursement likely does not cover such costs. As a result, losses may be understated.

Sources

- Florida Hospital Association Survey Data.