What would the Public Health Emergency Response Act (PHERA) do?

- Establish a *temporary* emergency health benefit for uninsured individuals and individuals whose health insurance coverage is not actuarially equivalent to benchmark coverage. The benefit could only be triggered if the Secretary of Health and Human Services (HHS) declared that a public health emergency existed under section 319 of the Public Health Service Act and chose to activate the benefit. The benefit would last for up to 90 days; the Secretary could extend it once for another 90 days.
- Stipulate the funding mechanism for this benefit. PHERA would not use Medicare, Medicaid or SCHIP funding. The funding mechanism is the Public Health Emergency Fund, a no-year fund established in 1983, available to the Secretary of HHS. The legislation authorizes $7 million each year for the administration of this fund and for a public education campaign about the benefit. Until an emergency occurred and Congress appropriated money to the fund, that is all the funding that would be needed. The Public Health Emergency Fund has not been used to pay for uncompensated care in the past; this legislation would clarify that such a use is permissible.
- Clarify who is eligible for this benefit, the amount of time for which the benefit would last, and what providers would be covered under this Act. It would also ensure that coverage would be provided for individuals displaced by a public health emergency.

Why is this legislation necessary?

- During a public health emergency, it is important to ensure that individuals do not face impediments to accessing care. Particularly during an infectious disease outbreak, compliance with recommendations to seek immediate care may be critical to quickly identify and contain the spread of a disease. This legislation seeks to remove a disincentive for uninsured individuals to promptly seek medical care, when such a delay could result in lives lost and the further spread of disease.
- We must ensure that healthcare providers can remain fiscally solvent and are not overburdened by the cost of uncompensated care. One study by the Center for Biosecurity estimated that U.S. hospitals could lose as much as $3.9 billion in uncompensated care and cash flow losses in the event of a severe pandemic. For future emergencies, it is vital to make certain that reimbursement issues do not dissuade providers from offering care.
- After Hurricane Katrina, reimbursement for uncompensated care was limited and delayed. Many individuals were separated from their health insurance documentation; some were uninsured, and others lost employer-based coverage. Congress ultimately approved $2.1 billion for grants to states six months after the disaster. By stipulating eligibility requirements, clarifying the scope of the coverage and identifying the funding mechanism ahead of time, this legislation seeks to eliminate unnecessary delay and ensure that displaced individuals will receive coverage.