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April 8, 2021

The Honorable Cindy Axne
U.S. House of Representatives
1034 Longworth House Office Building
Washington, DC 20515

The Honorable Brian Fitzpatrick
U.S. House of Representatives
271 Cannon House Office Building
Washington, DC 20515

The Honorable Neal Dunn
U.S. House of Representatives
316 Cannon House Office Building
Washington, DC 20515

Dear Representatives Axne, Fitzpatrick, and Dunn:

On behalf of our physician and medical student members, the American Medical Association (AMA) is writing to **express our strong support for H.R. 2079, the “Eliminating the Provider Relief Fund Tax Penalties Act of 2021.”** This important, bipartisan legislation stipulates that grants issued to all health care providers through the Public Health and Social Services Emergency Fund (PHSSEF), commonly referred to as the Provider Relief Fund (PRF), are not subject to gross income taxes and further clarifies that expenses covered by these funds will retain associated tax deductibility.

Our nation’s physicians and other health care professionals continue to face significant challenges as the COVID-19 public health emergency endures throughout America. As financial instability remains persistent for many of our member physicians and their practices, it remains imperative that Congress continue to provide clear and consistent financial support for our health care providers who work tirelessly to combat the spread of COVID-19 daily and face financial uncertainty for the foreseeable future.

Currently, tax-paying health care providers are at risk of losing at least 21 percent of the benefit of the PRF as a result of their taxpaying status. Although the AMA recognizes that PRF funding remains an important source of financial relief for our physicians, this steep tax rate runs contrary to Congress’ response to the COVID-19 pandemic. With the enactment of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Congress has already recognized the need to provide robust fiscal relief for health care providers as they support their communities during the current pandemic. Additionally, Congress has clarified in previous COVID-19 relief bills that other forms of federal assistance do not count as taxable income and retain tax deductibility, including forgivable loans issued via the Paycheck Protection Program.

If enacted, this legislation will ensure that crucial financial assistance provided to our physicians, allied health care providers, and hospitals retain maximum utility and are not diluted by technical issues around the taxability of support funds. **We strongly urge Congress to continue to work in a bipartisan fashion and expeditiously pass H.R. 2079. The passage of the “Eliminating the Provider Relief Fund Tax Penalties Act of 2021,” is an essential component of Congress’ ongoing efforts to provide sustained support for our members and their employees during this unprecedented national health crisis.**

The AMA appreciates your leadership on this important issue and looks forward to working with you to ensure this legislation is enacted into law.

Sincerely,

James L. Madara, MD