

ADDITIONAL FEDERAL FUNDING OPPORTUNITIES FOR HOSPITALS

Updated July 24, 2020

In addition to distributions from the [Provider Relief Fund](#) – established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Paycheck Protection Program and Health Care Enhancement Act – a number of direct funding opportunities are available to hospitals and health systems to support the response to the COVID-19 pandemic. These programs are described below. In addition, CHA has also prepared a [federal funding infographic](#) showing specific legislation, amount of funding allocated for health care providers, what the funding covers, and more.

Accelerated and Advanced Medicare Payments

- **Program Suspension:** On April 26, CMS [announced](#) it will suspend the Accelerated and Advanced Payment programs. CMS continues to reevaluate payments made to Part A providers under the Accelerated Payment Program and suspend its Advanced Payment Program to Part B providers.
- **Description:** Under an expanded option through the Medicare Hospital Accelerated and Advanced Payment programs, eligible providers may request payments that cover a period of up to six months. The payment is calculated based on Medicare inpatient, outpatient, and pass-through payment amounts. For details, please see [CMS' fact sheet](#).
- **Eligible providers:** All Medicare providers including acute care hospitals, critical access hospitals (CAHs), children's hospitals, prospective payment system (PPS)-exempt cancer hospitals, and physicians. Specifically, facilities that:
 - Have billed Medicare for claims within 180 days immediately prior to the date of signature on the provider's/supplier's request form
 - Are not in bankruptcy
 - Are not under active medical review or program integrity investigation
 - Do not have any outstanding delinquent Medicare overpayments
- **Payment details:**
 - Providers can request up to 100% (up to 125% for CAHs) of what the hospital would otherwise have expected to receive based on historical payments. The Medicare administrative contractor (MAC) will determine the provider's maximum payment amount.

- Inpatient prospective payment system (IPPS) hospitals, CAHs, children’s hospitals, and PPS-exempt cancer hospitals can request up to six months of payments based on payments received from July 1 - December 31, 2019.
 - All other providers — including long-term care hospitals (LTCHs), inpatient rehabilitation facilities, and inpatient psychiatric facilities — can request up to two months of payments based on payments received from October 1 - December 31, 2019.
 - If the provider chooses not to request the maximum payment, the remainder may be requested at a later time within the declared public health emergency.
- **Repayment:** Hospitals will have up to 120 days before CMS begins recouping portions of the advanced payment against future Medicare payments. Beginning on day 121 after the accelerated or advanced payment is made, 100% of claims submitted will offset the amount owed.
 - IPPS hospitals, CAHs, children’s hospitals, and PPS-exempt cancer hospitals will have up to 12 months from the date of the first accelerated payment before any outstanding balance must be paid in full.
 - All other providers are required to repay any remaining balance seven months (210 days) after the advanced payment is made.
 - At the end of the repayment period (12 or seven months), the MAC will send the provider a demand letter for the remaining balance.
 - Following a 30-day grace period, interest on the remaining balance will begin to accrue; currently the interest rate is set at 9.625%.
 - For CAHs and hospitals receiving Periodic Interim Payments, the accelerated payment reconciliation process will happen at the final cost report process for the first cost report occurring after the repayment period. Repayment in full is still required by the end of the repayment period, even if the cost report settlement would occur beyond that period. Interest will accrue between the end of the repayment period and when there is a cost report reconciliation.
- **Application process:** Hospitals should contact their MAC, Noridian Health Solutions in California. The MAC will review, approve, and then send the hospital’s application to CMS for final approval. Noridian has provided [application instructions](#) on its website, including the required [Accelerated or Advanced Payment Request](#) form.

Noridian has established a COVID-19 Hotline to assist providers with COVID-19 related inquires, including those related to accelerated payments. The hotline is open from 6 a.m. to 5 p.m. (PT), and the phone number is (866) 575-4067.

Medicare Payment Increase for COVID-19 Patients

- **Description:** Payment increase for Medicare patients with a positive COVID-19 diagnosis
- **Eligible providers:** Urban and rural IPPS hospitals
- **Payment details:** During the emergency period, the legislation provides a 20% add-on to the DRG rate for patients with COVID-19. CMS [guidance](#) states that discharges of an individual diagnosed with COVID-19 will be identified by the presence of the following International Classification of Diseases, Tenth Revision, Clinical Modification (ICD-10-CM) diagnosis codes:
 - o B97.29 (Other coronavirus as the cause of diseases classified elsewhere) for discharges occurring on or after January 27, 2020, and on or before March 31, 2020
 - o U07.1 (COVID-19) for discharges occurring on or after April 1, 2020, through the duration of the COVID-19 public health emergency period
- The add-on payment is effective for hospitals that submit an IPPS claim for discharges on or after January 27, 2020, or an LTCH claim for admissions on or after January 27, 2020. If CMS received the claim on April 20 or earlier, the claim will be reprocessed without additional action by the hospital. Claims received on or after April 21 will be processed in accordance with the CARES Act.
- **Application:** None

State Hospital Association Grants to Hospitals

- **Description:** The Assistant Secretary for Preparedness Response is authorized to distribute grants to state hospital associations as a mechanism to distribute federal funds to hospitals quickly.. In April, CHA was allocated \$4.1 million to distribute to hospitals across the state. In July, CHA was approved for a second round of grant funding of \$10.1 million that will be distributed to CHA member hospitals.
- **Eligible providers:** Hospitals and health care providers in each state
- **Eligible expenses:** Health care-related expenses or lost revenues not otherwise reimbursed and directly attributable to COVID-19. CHA has designed its grant program to cover the costs of personal protective equipment (PPE).
- **Application:** Hospitals do not need to apply for this grant. The first allocations, distributed in May, were sent to hospitals based on their number of licensed beds. All California hospitals received an email to sign electronic compliance documents, which were due by May 6.

The second distribution of \$10.1 million will be distributed to CHA members on a per-bed basis, with additional funds provided to member hospitals most significantly impacted by COVID-19 positive patients. Funds should be distributed to member hospitals in mid-August.

- **Compliance:** In addition to returning electronic compliance documents, hospitals must submit documentation of PPE purchased in expenditure of the funds.

Small Business Loans (for hospitals with fewer than 500 employees)

- **Description:**
 - Loan opportunities up to \$10 million are available through the Small Business Administration's (SBA) Paycheck Protection Program.
 - Loans may be awarded for up to the lesser of \$10 million or 250% of average monthly payroll costs (excluding any compensation above an annual salary of \$100,000). Loans may be used to pay salaries, leave and health benefits, rent, utilities, interest on mortgages, and interest on existing debt.
 - On April 2, the Department of Treasury (Treasury) released an [interim final rule](#), which made several material changes to previously published information, as well as other guidance, including:
 - Increasing the interest rate from 0.5% to 1%
 - Limiting the maximum loan term to two years
 - Requiring that 75% of the loan be used for payroll costs
 - Deferring payment of principle for six months
 - Additional overview information from Treasury is available in a [borrower fact sheet](#). Loans may be used to pay for, among other things, salaries and benefits, rent, utilities, interest on mortgages, and interest on existing debt.
 - Borrowers may be eligible for at least partial loan forgiveness if they either retain all of their employees on payroll or, if by June 1, 2020, they rehire employees to restore full time employees and salary levels for any changes made between February 1 and April 26, 2020.
 - An April 28 FAQ document from Treasury is available [here](#).
 - On April 24, Treasury provided [information](#) on how to calculate maximum loan amounts.
 - On April 30, the IRS issued [guidance](#) stating that most expenses funded by forgiven PPP loans are non-deductible for federal tax purposes.
- **Eligibility:**
 - Small businesses and 501(c)(3) non-profit organizations, including hospitals, health systems and health care providers with fewer than 500 employees (fulltime and part time)
 - On May 3, Treasury released [guidance](#) clarifying that public hospitals exempt from taxation under section 115 of the Internal Revenue Code who are otherwise eligible – however, do not have IRS determination letters recognizing them as described in section 501(c)(3) and exempt from tax under section 510(a) – will qualify as a 501(c)(3) for purposes of PPP if the hospital reasonably determines (in a written record maintained by the hospital) that it functions as an organization described in section 501(c)(3). An American Hospital Association special bulletin on the May 3 guidance is available [here](#).

- On April 24, SBA issued an [interim final rule](#) clarifying certain provisions, including that public hospitals otherwise eligible that receive less than 50% of their funding from state or local government sources, exclusive of Medicaid, are eligible.
 - Affiliation rules apply and are intended to determine, using the “totality of circumstances,” whether an organization is operating as part of a larger organization and, therefore, not considered a small business. On April 3, the IRS issued [guidance on affiliation rules](#).
- **Application information:**
 - Eligible applicants may apply to an SBA-approved lender.
 - Loans are available through June 30 or until funds are exhausted. The Paycheck Protection Program and Health Care Enhancement Act included an additional \$310 billion in funding after the initial allocation was exhausted. Hospitals must demonstrate they were negatively affected by COVID-19 between February 15 and June 30.

Applicants must submit [SBA Form 2483](#). A list of participating lenders and additional information are available [here](#) (updated April 23).

Federal Communications Commission (FCC) Telehealth Program

- **Description:** The CARES Act required the FCC to establish the \$200 million emergency COVID-19 Telehealth Program to promote access to connected care services and devices. Up to \$1 million per applicant may be available. Support will be based on the estimated costs of the services and connected devices eligible providers intend to purchase. Applicants who exhaust initially awarded funding may request additional support. Detailed information on the program is available in the FCC’s April 8 [public notice](#).
- **Program Closure:** As of June 25, the FCC stopped accepting applications for the program. On July 8, the FCC announced it had exhausted its \$200 million in funding and provided a [full list of grant recipients](#).
- **Eligibility:**
 - Eligible health care providers include nonprofit or public health care providers — in both rural and non-rural areas, including temporary or mobile locations — that fall within the following categories:
 - Not-for-profit hospitals
 - Post-secondary educational institutions offering health care instruction, teaching hospitals and medical schools
 - Rural health clinics
 - Skilled-nursing facilities
 - Community health centers or health centers providing care to migrants
 - Local health departments or agencies
 - Community mental health centers
 - Consortia of health care providers consisting of one or more entities falling into the first seven categories Interested providers must obtain an eligibility

determination from the Universal Service Administrative Service Company (USAC) for each site included in the application by completing [FCC Form 460](#). Applicants that do not yet have an eligibility determination from USAC may still file an application with the FCC for program funds while their Form 460 is pending.

- Provider sites USAC has already deemed eligible to participate in the FCC's existing Rural Health Care (RHC) Program may rely on this eligibility determination for the Telehealth Program.
- **Application:** The FCC began [accepting applications](#) for the COVID-19 Telehealth Program on April 13 at 9 a.m. (PT). The FCC has provided [guidance](#) on the application process and additional questions can be submitted to EmergencyTelehealthSupport@fcc.gov.

Sources:

<https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf>

<https://invariant.app.box.com/s/wcsxa8ltjngn0p0n1xn8il1vqhyqvn17>

<https://www.aha.org/special-bulletin/2020-03-27-special-bulletin-house-passes-coronavirus-aid-relief-and-economic>