FEDERAL FUNDING OPPORTUNITIES FOR HOSPITALS

An overview of direct funding opportunities available to hospitals and health systems from recent legislation, including the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and guidance issued March 28 from the Centers for Medicare & Medicaid Services (CMS).

Public Health and Social Services Emergency Fund (PHSSEF)

- **Description**: $100 billion in total funds available to hospitals, health systems, and other providers. Hospitals may apply for this funding to “prevent, prepare for, and respond to coronavirus.” Providers will be reimbursed through grants and other payment mechanisms.
- **Eligible providers**: Public entities, Medicare- or Medicaid-enrolled suppliers and providers, and other non-profit and for-profit entities specified by the Secretary of the Department of Health and Human Services (HHS)
- **Eligible expenses**:
  - Health care-related expenses or lost revenues not otherwise reimbursed and directly attributable to COVID-19
  - Examples include forgone revenue from cancelled procedures; building or construction of structures (including retrofitting); medical supplies, equipment, and personal protective equipment (PPE); testing; and increased staffing or training.
  - Funds may not be used for expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.
- **Application process**: The bill instructs the HHS Secretary to release guidance on the application process and required documentation. **CHA will share this information as soon as it is available.**
  - Providers will be required to submit reports and maintain documents (as determined by the Secretary).
  - Providers must have a valid tax identification number and will need to submit a statement justifying their need for the payment.
  - Applications will be reviewed on a rolling basis.
- **Payment process**: The bill directs payments to be made on a rolling basis using the most efficient systems practicable for emergency payment, as determined by the HHS Secretary. Payments may include pre-payment, prospective payment, and retrospective payment.
  - The bill instructs the Secretary to establish a reconciliation process under which payments must be returned to the fund if other sources provide reimbursement.
- **CHA recommends**: Hospitals are urged to maintain documentation of COVID-19 related expenses. **For example, hospitals should consider:**
  - Creating a specific pay code for employees, identifying hours spent to support the command center, COVID-19 screening, and additional COVID-19-related shifts
  - Using Google sheets to track supplies needed for purchase
Tracking overtime associated with COVID-19 for permanent employees
Tracking both regular and overtime hours associated with COVID-19 for unbudgeted employees
Tracking management costs and keeping detailed timesheets of employees performing grant management and other duties related to COVID-19
Tracking any donated resources from volunteer organizations, which may be used to offset the hospital’s or health system’s non-federal share

Accelerated Medicare Payments

**Description:** Under an expanded option through the Medicare Hospital Accelerated Payment Program, eligible providers may request accelerated payments for inpatient services that cover a time period of up to six months. 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 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:**
- Up to 100% (up to 125% for CAHs) of what the hospital would otherwise have expected to receive
- Medicare will work with hospitals to estimate upcoming payments and provide funds in advance. Hospitals may request a lump sum payment or periodic payments.

**Repayment:** Hospitals will have up to 120 days before CMS begins recouping portions of the advanced payment against future Medicare payments. Hospitals will have up to 12 months from the date of the first accelerated payment before any outstanding balance must be paid in full.

**Application process:** Hospitals should contact their Medicare administrative contractor (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 [Provider Request for Accelerated Payment](#) and [Accelerated Payment Request Certification](#) forms.

Noridian has established a COVID-19 Hotline to assist providers with COVID-19 related inquiries, 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 impatient prospective payment hospitals  
  • **Payment details**: During the emergency period, the legislation provides a 20% add-on to the DRG rate for patients with COVID-19  
  • **Application**: None

**State Hospital Association Grants to Hospitals**

• **Description**: The Assistant Secretary for Preparedness Response is authorized to distribute $50 million in grants to state hospital associations with the direction that they distribute the funds within 30 days to local 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  
  • **Application**: CHA will apply for the funds; hospitals do not need to apply. California’s allocation is $4.1 million. CHA will distribute the funds directly to hospitals based on their number of licensed beds.  
  • **Payment**: The funds should be distributed to hospitals by mid to late April, depending on how quickly CHA receives its allocation.

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

• **Description**:  
  o Loan opportunities up to $10 million are available through the Small Business Administration’s (SBA) Paycheck Protection Program.  
  o 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.  

• **Eligibility**:  
  o Small businesses and 501(c)(3) non-profit organizations, including hospitals, health systems and health care providers with fewer than 500 employees (full-time and part-time)  
  o 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.  

• **Application information**:  
  o Eligible applicants may apply to an SBA-approved lender.  
  o Loans are available through June 30.  
  o Hospitals must demonstrate they were negatively affected by COVID-19 between February 15 and June 30.
o A streamlined application process is available on the SBA website.

• Other:
  o Lenders must allow borrowers to defer payments on the loan for at least six months (but not more than one year).
  o Borrowers that either retain all of their employees on payroll – or by June 1, 2020 – rehire employees to reach their prior staffing levels are eligible for some amount of loan forgiveness. The amount eligible to be forgiven is equal to eight weeks of payroll costs, mortgage interest, rent and utility payments.
  o For any portion of the loan that is not forgiven, a maximum interest rate of 4% and maximum term of 10 years apply.

Sources:
https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf
https://invariant.app.box.com/s/wcsxa8ltjnqn0p0n1xn8il1yqhyqvnv7

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