

# FEDERAL FUNDING OPPORTUNITIES FOR HOSPITALS

Updated April 24, 2020

*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).*

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## Public Health and Social Services Emergency Fund (PHSSEF)

- **Description:** Under the CARES Act, \$100 billion in total funds is available to hospitals, health systems, and other providers. Subsequent legislation increased the funds available by an additional \$75 billion.
- **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:**
  - o Health care-related expenses or lost revenues not otherwise reimbursed and directly attributable to COVID-19
  - o Examples include forgone revenue from canceled procedures; building or construction of structures (including retrofitting); medical supplies, equipment, and personal protective equipment (PPE); testing; and increased staffing or training.
  - o Funds may not be used for expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.
- **Distribution of funds:** On April 10, CMS distributed the first round of general allocation funding —\$30 billion — to hospitals via direct grants based on the proportion of Medicare fee-for-service revenue received by the hospital. Automatic payments were distributed to providers via Optum Bank with “HHSPAYMENT” as the payment description. Providers that normally receive paper checks from CMS will receive a paper check in the mail within the next few weeks. HHS has established a hotline for providers with questions about their payments at (866) 569-3522.

On April 22, HHS [announced](#) plans for distribution of the remaining funds. Specifically, HHS will distribute an additional \$20 billion automatically — based on a provider’s share of 2018 net patient revenue — as part of its \$50 billion general allocation. HHS also announced the following “targeted” allocations: \$10 billion for hospitals in COVID-19 high-impact areas, \$10 billion for rural hospitals and rural health clinics (RHCs), \$400 million for the Indian Health Service, and an allocation for treatment of the uninsured. HHS is developing additional allocations to target skilled-nursing facilities, dentists, and providers that solely take Medicaid.

- **Application process (General Allocation):** The bill instructs the HHS Secretary to release guidance on the application process and required documentation. For its \$50 billion

general allocation, HHS distributed automatically based on a hospital's share of total Medicare fee-for-service reimbursements in 2019 and total net patient revenue from 2018. For the general allocation, HHS requires that, within 30 days of receiving payment, providers sign an attestation confirming receipt of the funds and agreeing to the [terms and conditions](#) of payment. The portal for signing the attestation is available on [this page](#).

- **Application process (Targeted Allocations):** HHS has provided information specific to the following targeted allocations.
  - COVID-19 High-Impact Areas: Hospitals are required to apply for these funds by reporting on the hospital's total number of ICU beds as of April 10 and the total number of *admissions* with a positive diagnosis for COVID-19 from January 1, 2020, to April 10, 2020. This information must be submitted by April 25 at noon (PT). More information is available in a [CHA Alert](#).
  - Rural Hospitals and RHCs: HHS will distribute \$10 billion — as early as the week of April 27 — on the basis of operating expenses, using a methodology that distributes payments proportionately to each facility and clinic.
  - Treatment for the Uninsured: Every health care provider who has provided treatment for uninsured COVID-19 patients on or after February 4, 2020, can request claims reimbursement through the program and will be reimbursed at Medicare rates, subject to available funding. Providers can register for the program on April 27, 2020, and begin submitting claims in early May 2020. For more information, visit [coviduninsuredclaim.hrsa.gov](https://coviduninsuredclaim.hrsa.gov).
  - Indian Health Services: \$400 million will be distributed for Indian Health Service facilities, distributed on the basis of operating expenses.
- **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 a spreadsheet 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 and Advanced Medicare Payments

- **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 10.25%.
  - 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 \$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 has applied 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 late April, depending on how quickly CHA receives its allocation.

## 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.
- **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)
  - 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 24, the SBA issued an [interim final rule](#) that clarifies a hospital that is owned by a state or local government is eligible for the Paycheck Protection Program if the hospital receives less than 50% of its funding from state or
  - local government sources, exclusive of Medicaid.
- **Application information:**
  - Eligible applicants may apply to an SBA-approved lender.
  - Loans are available through June 30.
  - Hospitals must demonstrate they were negatively affected by COVID-19 between February 15 and June 30.
  - A streamlined application process is available on the SBA [website](#).
- **Other:**
  - Lenders must allow borrowers to defer payments on the loan for at least six months (but not more than one year).
  - Borrowers that either retain all 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.
  - For any portion of the loan that is not forgiven, a maximum interest rate of 4% and maximum term of 10 years apply.

## 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](#).

- **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](mailto:EmergencyTelehealthSupport@fcc.gov).

Sources:

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

<https://invariant.app.box.com/s/wcsxa8ltjqn0p0n1xn8il1yqhyqvn17>

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