

FEDERAL FUNDING OPPORTUNITIES FOR HOSPITALS

This document provides an overview of direct funding opportunities available to hospitals and health systems through the recently-enacted CARES Act, as well as other federal resources to assist hospitals needing immediate financial resources. Hospitals must **apply** for the funding opportunities listed. A companion resource document identifying *automatic* federal fiscal relief is available [here](#). Please see WVHA's dedicated COVID-19 [webpage](#) for the latest information.

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 PHSSEF funding to “prevent, prepare for, and respond to coronavirus.” Providers will be reimbursed through grants and other payment mechanisms. (Established in the CARES Act, enacted 3.28.20.)
- **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:**
 - Healthcare-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 and equipment, personal protective equipment (PPE); testing; and increased staffing or training.
 - PHSSEF funds may not be used for expenses or losses that have been reimbursed from other sources, or that other sources are *obligated* to reimburse. Even if qualified expenses are *eligible* for reimbursement from another mechanism, an entity may still apply for funding from the PHSSEF fund while simultaneously applying for funding from other sources. However, should the entity subsequently receive reimbursement for expenses from any other source after receiving funding for the same expenses from the PHSSEF fund, the entity will be required to repay the funding it received from the PHSSEF funding.
- **Application process:** **WVHA will share detailed application information as soon as it is provided by HHS. (CMS Administrator Verma said on a call on March 31 that the guidance would be released “soon.”)** The bill instructs the Secretary of HHS to release guidance on the application process and required documentation.
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- The bill instructs the Secretary to establish a reconciliation process under which payments must be returned to the fund if other sources provide reimbursement.
- 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 an application that includes a statement justifying the provider's 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 payment systems practicable to provide emergency payment, as determined by the Secretary of HHS. Payments may include pre-payment, prospective payment, and retrospective payment.
- **WVHA 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 screening, and additional COVID-19-related shifts;
 - Using Google sheets to track high-risk or back-ordered supplies;
 - Tracking overtime for permanent employees associated with COVID-19;
 - Tracking both regular and overtime hours spent 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; and
 - Tracking any donated resources from volunteer organizations, which may be used to offset the non-federal share for your hospital or health system.

Accelerated Medicare Payments

- **Description:** Under an expanded option through the Medicare Hospital Accelerated Payment Program, eligible providers are able to *request* accelerated payments for inpatient services that cover a time period of up to six months. (Established in the CARES Act, enacted 3.28.20.)
- **Eligibility:**
 - Acute-care hospitals, critical access hospitals (CAHs), children's hospitals and prospective payment system exempt cancer hospitals.
 - It is WVHA's interpretation that outpatient services are eligible for inclusion in each hospital's application.
- **Payment details:**
 - Up to 100% (up to 125% for Critical Access Hospitals) 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 claims offset begins to recoup the accelerated payment. 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 Information:**
 - Hospitals should request a specific amount when using an Accelerated or Advance

Payment Request form available on each Medicare Administrative Contractor's (MAC) website.

- Each MAC will review and issue payments within seven calendar days of receiving the request.
- A CMS Fact Sheet (released 3.28.20) is available [here](#).
- PalmettoGBA application for is available [here](#).

Small Business Loans Available to 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 used to pay salaries, leave and health benefits, rent, and/or retirement obligations.
 - Loans may be awarded for up to 250% of average monthly payroll costs to cover eight weeks of payroll, and also help with other expenses (e.g., rent and utilities).
 - (Established in the CARES Act, enacted 3.28.20.)
- **Eligibility:**
 - Small businesses and 501(c)(3) non-profit organizations, including hospitals, health systems and healthcare providers with fewer than 500 employees (full-time 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.
- **Application information:**
 - Eligible applicants may apply to an SBA-approved lender
 - Loans are available through June 30.
 - Hospitals must demonstrate they were harmed by COVID-19 between February 15 and June 30.
- **Other:**
 - Loans may be forgiven based on maintaining employee and salary levels.
 - Terms for any portion of the loan that is not forgiven, including a maximum term of ten years, and a maximum interest rate of 4%.

Other Business Loans Through the Federal Reserve

- **Description:**
 - The CARES Act appropriates \$454 billion in business loans using the Federal Reserve's emergency lending programs for businesses, states and municipalities. The bill encourages the Department of Treasury (Treasury) to establish a lending program specifically targeting organizations with between 500 and 10,000 employees. However, the legislation does not specify which sectors will be target or what portion of the funds will be available to specific types of businesses.

- Treasury has not yet announced details about how the program will be implemented.
- The bill encourages Treasury to seek implementation of a program for mid-sized businesses, specifically defined as “businesses, including, to the extent practicable, nonprofit organizations, with between 500 and 10,000 employees.”
- **Eligibility:**
 - Businesses (including nonprofits), states and municipalities, subject to certain conditions.
- **Other:**
 - The CARES Act specifies that loans to mid-sized businesses will carry an interest rate no higher than 2% annually, and that no principal or interest will be due within the first six months.
 - WVHA will provide details as soon as they are available from Treasury.

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Sources:

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

<https://www.cms.gov/files/document/Accelerated-and-Advanced-Payments-Fact-Sheet.pdf>

<https://www.aha.org/system/files/media/file/2020/03/cares-act-federal-reserve-emergency-lending-program-bulletin-3-31-2020.pdf>