National Alliance of Safety-Net Hospitals

Memorandum

To: NASH Members

From: Kate Finkelstein

Updated: June 16, 2020

Subject: Current federal funding opportunities – COVID-19 response

To date, Congress has passed four bills to respond to the COVID-19 emergency. Those bills are:

- Coronavirus Preparedness and Response Supplemental Appropriations Act, HR 6074 (March 6)
- Families First Coronavirus Response Act, HR 6201 (March 18)
- CARES Act, HR 748 (March 27)
- Paycheck Protection Program and Health Care Enhancement Act, HR 266 (April 23)

We have indicated the legislative origins of each funding opportunity below.

$100 Billion for Hospitals and Providers (CARES Act, HR 748)
Additional $75 Billion for Hospitals (Paycheck Protection Program and Health Care Enhancement Act, HR 266)

This $175 billion is to be used to reimburse "eligible health care providers" for health care-related expenses or lost revenues that are attributable to the coronavirus and that are not otherwise reimbursable. "Eligible health care providers" means public entities, Medicare- or Medicaid-enrolled suppliers and providers, and not-for-profit entities not otherwise described in this provision, as the Secretary of Health and Human Services may specify. Eligible health care providers include those that provide diagnoses, testing, or care for individuals with possible or actual cases of COVID-19. The language specifically mentions Medicare- or Medicaid-enrolled providers and suppliers but gives the Secretary authority to expand the definition to other for-profit and not-for-profit entities as deemed appropriate. Funds are specifically available for:

- building or construction of temporary structures;
- leasing of properties;
- medical supplies and equipment, including personal protective equipment and testing supplies;
- increased workforce and trainings;
- emergency operation centers;
- retrofitting facilities; and
- surge capacity.

The Secretary must review these applications on a rolling basis and may make payments either as pre-payments, prospective payments, or retrospective payments as the Secretary determines to be appropriate and efficient. Given the discretion and duties of the Secretary, we expect the administration to provide additional detail regarding the application process and criteria for review.

Information on the disbursement of these funds is available here: https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/index.html To date, HHS has determined that a portion of these funds will be allocated as follows:

- $50 billion general allocation paid to Medicare facilities and providers impacted by COVID-19, based on eligible providers' 2018 net patient revenue.
    - $30 billion distributed between April 10 and 17, based on providers' Medicare fee-for-service reimbursements in 2019.
    - Distribution of $20 billion to those same providers began on April 24 to augment allocation so that the entire $50 billion general distribution is allocated proportional to providers' share of 2018 net patient revenue.
    - Providers who receive these funds need to submit their revenue information so that it can be verified via the General Distribution Portal https://covid19.linkhealth.com/docusign/#/step/1
- allocation for treatment of uninsured individuals
    - a portion of the $100 billion Provider Relief Fund will be used to reimburse healthcare providers, at Medicare rates, for COVID-related treatment of the uninsured.
    - providers can register for the program on April 27, 2020, and begin submitting claims in early May 2020. For more information, visit https://www.hrsa.gov/coviduninsuredclaim
- $12 billion allocation for high-impact areas
    - hospitals that reported 100 or more COVID-positive inpatient admissions through April 10, 2020 were eligible for payments of $76,000 per patient
    - payments include an adjustment for disproportionate share hospitals
- $10 billion allocation for high-impact areas
    - hospitals asked to report data by June 15 on COVID+ admissions January 1 – June 10, 2020.
    - HHS will determine distribution after analyzing data (no determination as of this writing, June 16)
- $10 billion allocation for rural providers
- $500 million allocation for Indian Health Service
- $4.9 billion to skilled nursing facilities
    - every certified facility with six or more beds eligible for funding
    - each SNF will receive $50,000 as well as $2,500 per bed
- $15 billion for Medicaid and CHIP providers that did not receive any of the $50 billion general distribution
- $10 billion safety-net hospitals distribution to roughly 750 eligible hospitals that meet all of the following criteria:
    - A Medicare disproportionate payment percentage of 20.2 percent or greater.
    - Average uncompensated care of $25,000 per bed or more. For example, a hospital with 100 beds would need to provide $2.5 million in uncompensated care in a year to meet this requirement.
    - Profitability of three percent or less, as reported to CMS in its most recently filed cost report.

We will continue to update this information as HHS determines how to distribute remaining funds.

Medicare Advance Payments (CARES Act, HR 748)

Qualified facilities may request up to a six-month advance lump-sum or periodic payment. Such an advance payment would be based on the net reimbursement represented by unbilled discharges or unpaid bills. Most hospital types could elect to receive up to 100 percent of the prior period payments. Qualified hospitals that receive such advance payments would not be required to start paying down the loan for four months and would have at least 12 months to complete repayment without needing to pay interest on the loan.

On April 26, CMS announced that it will not accept any new applications for the Advance Payment Program and that it will be reevaluation all pending and new applications or Accelerated Payments in light of historical direct payments made available through the CARES Act funding distributed by HHS's Provider Relief Fund.

See the CMS Fact Sheet on Accelerated and Advanced Payments:
https://www.cms.gov/files/document/Accelerated-and-Advanced-Payments-Fact-Sheet.pdf

Research Funding

- $836 million for the NIH to "prevent, prepare for, and respond to coronavirus, domestically or internationally." (Coronavirus Preparedness and Response Supplemental Appropriations Act, HR 6074)
- $945 million to support research to expand on prior research plans, including developing an improved understanding of the prevalence of COVID-19; its transmission and the natural history of infection; novel approaches to diagnosing the disease and past infection; and developing countermeasures for the prevention and treatment of its various stages. (CARES Act, HR 748)
- NIH's COVID-19 page includes information for NIH applicants and recipients: https://grants.nih.gov/policy/natural-disasters/corona-virus.htm
- More than $27 billion for the Biomedical Advanced Research and Development Authority (BARDA) to support research and development of vaccines, therapeutics, and diagnostics to prevent or treat the effects of coronavirus. (CARES Act, HR 748) Information about BARDA's COVID-19 activities. https://www.phe.gov/emergency/events/COVID19/Pages/default.aspx

FCC COVID-19 Telehealth Program (CARES Act, HR 748)

The FCC has adopted a $200 million telehealth program to support provider responding to the COVID-19 crisis. The money will help providers purchase telecommunications, broadband connectivity, and devices necessary for providing telehealth services. See the FCC's website about the COVID-19 telehealth program: https://www.fcc.gov/covid-19-telehealth-program

Small Business Administration (SBA) COVID-19 Guidance and Resources

Providers and practitioners may be eligible for assistance from the SBA.
https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources

Federal Emergency Management Agency

- FEMA has published a fact sheet on COVID-19 emergency medical care that includes a list of eligible medical care activities that may be eligible for some reimbursement under the agency's public assistance program. Among other things, the fact sheet summarizes the types of applicants that may be eligible for assistance and the types of costs that may be reimbursable. See the fact sheet here: https://www.fema.gov/news-release/2020/03/31/coronavirus-covid-19-pandemic-emergency-medical-care

- Another FEMA fact sheet describes public assistance that may be available to certain non-profit organizations for COVID-19-related costs. https://www.fema.gov/news-release/2020/04/02/coronavirus-covid19-pandemic-private-nonprofit-organizations

Payment Changes and Funding Provisions Already Implemented

Congress and the administration have provided additional Medicare and Medicaid funds through changes in provider payments during the emergency period.

A 20 Percent Payment Increase for Medicare for COVID-19-related Patient Services (CARES Act**,** HR 748)

This provision increases by 20 percent payments made to hospitals for treating patients admitted with COVID-19. Specifically, it increases the weighting factor of diagnosis-related groups (DRGs) for patients diagnosed with COVID-19 by 20 percent. This recognizes that COVID-19 cases can be resource-intensive and provides higher payment for these complex patients. This add-on payment will be made through the duration of the COVID-19 emergency period.

Medicaid DSH Cuts Delayed Until December 1, 2020 (CARES Act**,** HR 748)

Cuts to Medicaid DSH for FY 2020 are eliminated and FY 2021 cuts are reduced from $8 billion to $4 billion and delayed until December 1, 2020. No additional cuts to Medicaid DSH have been added beyond 2025.

The Two Percent Medicare Sequestration Would be Suspended From May 1 Through December 31, 2020 (CARES Act, HR 748)

Lost federal savings from suspending sequestration would be recovered by extending the sequestration for another year at its scheduled end.

Increased FMAP (Families First Coronavirus Response Act, HR 6201)

The federal medical assistance percentage (FMAP) is increased 6.2 percentage points for the duration of the current COVID-19 public health emergency declaration.

Telehealth Services During Certain Emergency Periods (Coronavirus Preparedness and Response Supplemental Appropriations Act, HR 6074) (CARES Act, HR 748)

Congress has given the Secretary of HHS limited authority to waive specific restrictions for Medicare reimbursement of telehealth services and the administration has issued a number of blanket waivers and clarified guidance to permit providers to use telehealth to slow the spread of the coronavirus. See the CMS guidance on flexibilities offered to providers, including telehealth flexibilities, in response to COVID-19. https://www.cms.gov/files/document/covid-19-physicians-and-practitioners.pdf

COVID-19 Test Costs (Families First Coronavirus Response Act, HR 6201)

- All government payers and private health plans are required to cover COVID-19 diagnostic tests. This includes Medicare Part B, Medicare Advantage, Medicaid, CHIP, TRICARE, veterans' plans, federal employees' health plans, and Indian Health Services plans.
- Medicare Part B is required to cover provider visits associated with ordering or administering COVID-19 tests at no cost to beneficiaries. This includes office visits (telehealth and in person), urgent care center visits, and emergency room visits that result in an order for or administration of a COVID-19 test.

Care for the Uninsured (Families First Coronavirus Response Act, HR 6201)

- $1 billion for care for the uninsured.
- States are permitted to expand Medicaid eligibility to the uninsured for the purpose of COVID-19 care and services, with state costs to be matched by the federal government.

Funding for States and Local Governments

- $45 billion for a "disaster relief fund" for local, state, and tribal governments for uses such as medical response, personal protective equipment, and more. (CARES Act, HR 748)
- $4.3 billion for the Centers for Disease Control and Prevention to support local, state, and federal agencies. (CARES Act, HR 748)
- $950 million for grants to state and local governments. Half of this money will be awarded within 30 days of the bill's passage. This money also can be used to build or renovate facilities. (Coronavirus Preparedness and Response Supplemental Appropriations Act, HR 6074)
- $3.1 billion to purchase medical supplies for state and local health departments; for hospital preparedness; to enhance the Strategic National Stockpile of emergency treatment supplies; and for additional resources for states. (Coronavirus Preparedness and Response Supplemental Appropriations Act, HR 6074)

Conclusion

We will continue to update this document as a resource for hospitals to find information on federal funding and policy flexibilities related to the COVID-19 emergency.

As always, please reach out to us directly with any questions.