MHA COVID-19 UPDATE
FEDERAL FUNDING RESOURCE DOCUMENT

AUTOMATIC FEDERAL FISCAL RELIEF

This portion of the document provides an overview of the fiscal relief made automatically available to hospitals and health systems through the CARES Act, enacted March 27. Please see MHA’s dedicated COVID-19 links at www.mhanet.org for the latest information.

Please note: Hospitals may apply for or receive funds from multiple sources; however, may not have multiple finance streams pay for the same expenses. MHA recommends hospitals closely track their COVID-19 expenses and the finance stream used to pay for those expenses, using a tool similar to the one developed by the Illinois Hospital Association by clicking this.

Medicare Hospital Inpatient Prospective Payment System Add-On Payment for COVID-19 Patients During Emergency Period

- **Description**: The weighting factor for discharges of Medicare fee-for-service patients with a COVID-19 diagnosis during the COVID-19 emergency period will increase by a factor of 20. (Established in the CARES Act, enacted 3.27.2020)
- **Eligible providers**: Inpatient Prospective Payment System (IPPS) hospitals.
- **Other**:
  - Hospitals must identify COVID-19 discharges by using appropriate diagnosis or condition codes.
  - This payment adjustment does not consider budget neutrality requirements.

Adjustment of Sequestration

- **Description**: Medicare sequestration reduction will be suspended during the period of May 1 through December 31, 2020. (Established in the CARES Act, enacted 3.27.20)
- **Eligibility**: All Medicare-enrolled providers currently accepting Medicare payments.
Other: The Medicare sequestration required in Section 251A(6) of the Balanced Budget and Emergency Deficit Control Act of 1985 will be extended from FY 2029 to FY 2030.

Delay of Payment of Employer Payroll Taxes

- **Description**: Allows employers to defer payment of the 6.2% FICA tax, which is applied to wages below $137,700 in 2020. (Established in the CARES Act, enacted 3.27.2020)
  - The delay is available for wages paid March 27 through December 21, 2020.
  - Recently released guidance from the Internal Revenue Service is available [here](#).
- **Eligibility**: All employers, regardless of type (e.g., for-profit, nonprofit and public/governmental). (Note: Organizations that have received and had a loan forgiven under the Paycheck Protection Program are ineligible.)
- **Use of Funds**: There is no requirement on employers related to the use of money saved through this provision.
- **Repayment**: 50% of the repayment amount is due by December 31, 2021. The remaining 50% is due by December 31, 2022.
- **Application**: There is no requirement to alert the IRS or make an election or get permission.
  - Please note that the employment tax system triggers numerous automatic deposit penalty notifications. MHA does not know whether these alerts have been reprogrammed, so it is possible hospitals electing to take this option could still receive notices.
  - MHA recommends hospitals electing to take this option should be precise about the amount of OASDI (Old Age Survivors and Disability Insurance) and the effective date for the amounts they may defer.

State Hospital Association Grants to Hospitals

- **Description**: The US Department of Health and Human Services (DHHS) 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 hospitals. (Established in the CARES Act, enacted 3.27.2020)
- **Eligible providers**: Hospitals and health care providers in each state.
- **Eligible expenses**: Healthcare-related expenses or lost revenues not otherwise reimbursed and directly attributable to COVID-19.
- **Application**: MHA has submitted its application and received approval. The share allocated for Mississippi is approximately $715,000. Hospitals do not need to apply. MHA will be sending each member hospital a subgrant award document with stipulations describing how the money must be spent. The money will be distributed to member hospitals with rural hospitals receiving a little higher payment and with an enhanced multiplier going to hospitals affected by the Easter Sunday tornadoes.
- **Payment**: The funds are expected be distributed by early May.
Extension of Work Geographic Index Floor under the Medicare Program

- **Description:** The Work Geographic Index Floor will be extended through December 2020, allowing HHS to provide larger payments to physicians in areas that have labor costs lower than the national average. (Established in the CARES Act, enacted 3.27.2020)
- **Eligible providers:** Physicians working in areas eligible for the Work Geographic Index Floor.

Delay in Medicaid Disproportionate Share Hospital Reductions

- **Description:** Medicaid Disproportionate Share Hospital (DSH) allotment reductions will be delayed until December 1, 2020 through September 30, 2021. (Established in the CARES Act, enacted 3.27.2020)
- **Eligible providers:** Hospitals receiving Medicaid DSH adjustments, as determined by the Mississippi Division of Medicaid.

**ADDITIONAL FEDERAL FUNDING OPPORTUNITIES FOR HOSPITALS AVAILABLE THROUGH APPLICATION**

The remainder of this document provides an overview of direct funding opportunities available to hospitals and health systems through the recently enacted CARES Act. Hospitals must **apply** for the funding opportunities listed in the remainder of this document.

- **Hospitals may apply for or receive funds from multiple sources.** However, statute, guidance and regulations state that organizations may not apply for funding for the same costs from multiple sources. Be sure to carefully consider which funding you are applying for and/or accessing and that you are not receiving funding for the same costs from multiple governmental sources. Again, MHA recommends that hospitals closely track their COVID-19 expenses, and the finance stream used to pay for those expenses, using a tool similar to the one developed by the Illinois Hospital Association by clicking **this**.

Further, information provided in this document is based on multiple sources and widely-available information, subject to interpretation as well as guidance issued to date, and such guidance is subject to change.

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.)

- **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. These examples are based on plain reading of legislative text, however final determination is subject to forthcoming HHS guidance.
  - 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**:
  - MHA will share detailed information as soon as it is provided by HHS.
  - The bill instructs the Secretary of HHS to release guidance on the application process and required documentation, as well as a reconciliation process under which payments must be returned to the fund should 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 justifying their need for the payment.
  - Applications will be reviewed on a rolling basis.

- **Payment process**:
  - MHA will share detailed information as soon as it is provided by HHS.
  - The bill directs payments be made on a rolling basis using the most efficient payment systems practicable to provide emergency payment, as determined by the Secretary. Payments may include pre-payment, prospective payment, and retrospective payment.

- **MHA recommends that Hospitals are urged to closely track their COVID-19 expenses, and the finance stream used to pay for those expenses, using a tool similar to the one developed by the Illinois Hospital Association such as this**. 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 backordered 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 can request accelerated payments that cover a time period of up to six months. Inpatient, outpatient and pass through payments are included in determining the Medicare payment amount. (Established in the CARES Act, enacted 3.27.2020.)
  - An informational fact sheet from CMS is available [here](#).
  - An April 3 update from AHA is available [here](#).
- **Eligibility**:
  - All Medicare providers and suppliers, including acute-care hospitals, critical access hospitals (CAHs), children’s hospitals and inpatient prospective payment system (IPPS) exempt cancer hospitals.
  - On April 3, [CMS clarified](#) program eligibility, including that a provider or supplier must:
    - Have billed Medicare for claims within 180 days immediately prior to the date of signature on the provider’s/supplier’s request form;
    - Not be in bankruptcy;
    - Not be under active medical review or program integrity investigation; and
    - Not have any outstanding delinquent Medicare overpayments.
  - An AHA March 28 overview of the program is available [here](#).
  - During a call on April 3, CMS said that it instructed MACs to allow one application for physicians that are part of a group. The instruction is as follows:
    - A provider group (Part B) may submit one application on behalf of all providers if (1) the group receives Part B payments for all group providers at the same office, or (2) if one person is the official responsible and may sign for or commit the other providers to the advance payment terms. A list of NPIs and provider names for whom payment is requested should be attached to the application.
- **Payment details**:
  - Up to 100% (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**:
  - All providers and suppliers will have up to 120 days before recoupment through
claims offset begins.

- At the end of the 120-day period, every claim submitted by the provider/supplier will offset the accelerated payment.
  - Repayment in full is required after 12 months for IPPS hospitals, CAHs, children’s and cancer hospitals.
    - All other providers, including LTCHs, IRFs, and suppliers, are required to submit payment in full after 7 months.
  - Hospitals will be charged interest on any outstanding balance beyond 12 months from the date of the accelerated payment. Similarly, all other providers will be charged interest on any outstanding balance beyond 7 months from the date of the advance payment.
    - The interest rate is set at the prevailing rate set by the Treasury, which is currently 10.25%. (CMS has stated it does not have authority to waive interest or change the rate.)
  - At the end of the repayment period, MACs will send providers a demand letter if there is a remaining balance.
    - Providers may submit direct payment. On the 31st day after the demand letter is sent, interest will begin to accrue.
    - If providers are unable to pay the balance when due, the MAC should be contacted about an extended payment plan, which may include a reduced withhold (interest would be applied).
    - Please note, for CAHs and PIP hospitals: the accelerated payment reconciliation process will happen at the final cost report process for the first cost report occurring after the repayment period. Repayment is still required at 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 Information:**
  - Hospitals should request a specific amount when using an Accelerated Payment Request form available on each Medicare Administrative Contractor’s (MAC) website. MACs have been instructed to update their request forms within the next several days to be specific to the COVID-19 Medicare Accelerated/Advance Payment Program.
  - Each MAC will review and issue payments within seven calendar days of receiving the request.
  - CMS created an FAQ memo, available [here](#).

### Small Business Administration Loans

- **Description:**
  - Loan opportunities up to $10 million are available through the Small Business Administration’s (SBA) [Paycheck Protection Program](#), and are intended to help businesses keep their workforce employed during the pandemic. (Included in the
CARES Act.) Program has been suspended because it has reached its allocated amount of funding.

- On April 2, Treasury released an interim final rule (IFR), which makes several material changes to previously published information as well as other guidance. Among other changes, the IFR:
  - Increases the interest rate from 0.5% to 1%;
  - Limits the maximum loan term to two years;
  - Requires 75% of the loan be used for payroll costs; and
  - Defers payment of principle for 6 months.

- Additional overview information from the Treasury is available here and here. 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.

- **Eligibility:**
  - Small businesses and 501(c)(3) non-profit organizations—including hospitals, health systems and healthcare providers—with fewer than 500 total employees, among others.
  - 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, SBA provided guidance on affiliation rules.
    - On April 2, AHA sent a letter to the SBA requesting guidance or regulation be issued to ensure small and mid-size hospitals are not subject to affiliation requirements. (e.g., small or rural hospitals that are part of a larger system, joint venture, joint operating agreement or other management arrangement). Rather, AHA requested these hospitals be considered individually for eligibility under PPP.

- **Application information:**
  - SBA began accepting applications on April 3. MHA recommends eligible hospitals apply quickly, as PPP loans are available until allocated funds are exhausted, or June 30, whichever comes first.
  - Applicants must submit SBA Form 2483. A list of participating lenders and additional information is available here.
  - Hospitals must be able to demonstrate they were harmed by COVID-19 between February 15 and June 30.

- **Other:**
  - Hospitals that have received and had a loan forgiven under the Paycheck Protection Program are ineligible for the payroll tax deferment option listed in MHA’s Automatic Federal Fiscal Relief Resource Document, available here.
Federal Reserve Emergency Lending Program

- **Description:**
  - The CARES Act authorizes $454 billion in emergency loans for businesses, states and municipalities, subject to certain conditions. The bill encourages Treasury to establish a lending program for organizations with between 500 and 10,000 employees.
  - AHA sent a [letter](#) on April 3 to the Secretary of the Treasury and Chairman of the Federal Reserve urging implementation of this loan program quickly and in a manner that ensures such access will be attainable for hospitals.
  - MHA will share additional information when it is available.

FCC Telehealth Program

- **Description:**
  - On April 2, the Federal Communications Commission (FCC) released an [order](#) establishing the $200 million emergency Telehealth Program to promote access to connected care services and devices. (Established in the CARES Act.)
  - 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.
  - Funding may be used to purchase telecommunications, information services, and connected devices that provide connected care services in response to the pandemic.
    - The program will only fund monitoring devices (e.g. pulse-ox, BP monitoring devices), that are themselves connected. According to the FCC order, “unconnected devices that patients use at home and then share the results with their provider remotely” will not be funded.
    - Applicants may use funds to purchase any necessary eligible services and connected devices; purchases are not limited to those specifically stated in the application (please see FCC order page 12).
  - While the goal of the program is to select applications that target areas hardest hit by COVID-19 and where support will have the most impact on addressing healthcare needs, funds are not required to be used to directly treat COVID-19 patients. Treating other types of conditions or patient groups may free up resources (including space and equipment), to allow practitioners to remotely treat patients with other conditions who could risk contracting the coronavirus by visiting a facility and reduce healthcare professionals’ unnecessary exposure.

- **Eligibility:**
Eligible healthcare providers are limited to nonprofit or public healthcare providers that fall within the following categories (please see FCC order pages 13-14):

- Not-for-profit hospitals;
- Post-secondary educational institutions offering healthcare 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; or
- Consortia of healthcare providers consisting of one or more entities falling into the first seven categories.

Eligible entities may be located in rural or non-rural areas.

Temporary or mobile locations operated by an eligible healthcare provider using connected care services may be included in an application based on need for these providers to expand beyond traditional facilities to effectively treat patients during the pandemic.

**Application:**

- FCC stated in its order that it will establish a streamlined, rolling application process and begin accepting applications immediately following Office of Management and Budget approval of the order and publication in the Federal Register. Applications will be accepted until the $200 million is exhausted or the pandemic has ended.
  - Note: Interested applicants that do not already have an eligibility determination may obtain one by filling out FCC Form 460 with the Universal Service Administrative Company (USAC) (providers may submit this form electronically or submit a paper form). (Each separate site or location of a healthcare provider is considered an individual provider site for eligibility determination purposes.)
- According to pp. 14-15 of the FCC order, required application information includes:
  - Names, addresses, county, and healthcare provider numbers;
  - Contact information for the individual responsible for the application;
  - Description of the anticipated connected care services to be provided, conditions to be treated, and goals and objectives. This should include a brief description of how COVID-19 has impacted an applicant’s area, patient population, and the approximate number of patients that could be treated by the connected care services during the pandemic. (If applicants intend to use the program to treat patients without COVID-19, describe how this will free up resources and/or how this would otherwise...
prevent, prepare for, or respond to the disease);
▪ Description of the estimated number of patients to be treated;
▪ Description of telecommunications services, or “devices necessary to enable the provision of telehealth services” requested, the total amount of funding requested, as well as the total monthly amount of funding requested for each eligible item;
▪ Supporting documentation for the costs indicated in the application, such as a vendor or service provider quote, invoice, or similar information; and
▪ A timeline for deployment of the proposed service(s) and a summary of the factors the applicant intends to track that can help measure the real impact of supported services and devices.

For information regarding the application for this program, please click here.

Federal Funding Available through State and Local Governments

▪ MHA encourages local hospitals to request support and funding from allocations that will be made available through state and local governments through FEMA as well as through the CDC. Funding can be provided to the hospital or purchases made by local governments can be made on behalf of the local hospital. For example, if a county or municipality plans to purchase protective equipment for law enforcement or other employees, ask them to include sufficient quantity for your hospital. Aggregating purchasing power will assist hospitals to maintain cash flow and will also provide a lower price point. Such funds could also assist the hospital in paying for additional security, facility upgrades that may be necessary for preparedness to handle patient surge. Other funds appear to be available for public health data infrastructure. Again, be sure to apportion costs appropriately so as not to use different funding sources to cover the same cost item.

▪ The State of Mississippi has not released details regarding distribution of funds. MHA will keep you posted as details become available and will update this section as further information is announced.

For Additional Information or Questions Please Contact:
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Sources:
https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf