

UPDATED 10:00 A.M., MAY 6, 2020

UPDATED SECTIONS INCLUDE (SEE HIGHLIGHTED TEXT BELOW):

- PROVIDER RELIEF FUND
- ACCELERATED MEDICARE PAYMENTS
- PAYCHECK PROTECTION PROGRAM
- MAIN STREET LENDING PROGRAM

## FEDERAL FUNDING OPPORTUNITIES FOR HOSPITALS

This document provides an overview of direct funding opportunities available to hospitals and health systems, primarily through the CARES Act. Please see IHA's dedicated COVID-19 [webpage](#) for the latest information.

**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. IHA recommends hospitals closely track their COVID-19 expenses, and the finance stream used to pay for those expenses, using a tool similar to [this](#).**

**This document provides high-level information based on multiple sources and widely-available information. This document is meant to help providers quickly identify potential funding sources, however it is not intended to replace source documents that may contain additional details, terms and conditions. Further, this information is subject to interpretation as well as guidance issued to date, and such guidance is subject to change.**

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## Provider Relief Fund

- **Description:** \$175 billion in total funds available to hospitals, health systems, and other providers to “prevent, prepare for and respond to coronavirus.” Providers will be reimbursed through grants and other payment mechanisms. These are payments, not loans, and do not need to be repaid so long as the stated conditions are met. (Established in the CARES Act and enhanced in the Paycheck Protection Program and Health Care Enhancement Act.)
- **Tranche One:** Beginning April 10, HHS distributed \$30 billion to hospitals and other providers. An HHS announcement, including detailed information about the distribution and use of tranche one funds, is available [here](#). A detailed IHA fact sheet on the distribution of tranche one funds is available [here](#).
- **Tranche Two:** On April 22, HHS [announced](#) the release of the second tranche of funds from the Provider Relief Fund. An IHA memo is available [here](#). Tranche two is divided into two primary allotment categories: general and targeted.
  - o **General Allotment:** \$20 billion (in addition to the first tranche of \$30 billion for a total of \$50 billion), distributed based on a provider’s 2018 net patient revenue from their Medicare cost report (worksheet G-3, line 3).
    - There are two portals associated with the receipt and verification of CARES Act funds. Hospitals must submit IRS Tax filings through the general distribution [portal](#) to validate amounts and also agree to terms and conditions through the attestation [portal](#). Government-owned hospitals should submit their most recently audited financial statements. **For assistance in using these portals, please call the CARES Act Provider Hotline at 1-866-569-3522.**
    - An April 25 IHA memo on the general distribution portal is available [here](#).
  - o **Targeted Allotment:**
    - **High-impact areas:** On May 1, HHS [announced](#) \$12 billion will be allocated to 395 hospitals who provided inpatient care for 100 or more COVID-19 patients through April 10.
      - \$2 billion of this amount will be distributed to these hospitals based on their Medicare and Medicaid disproportionate share and uncompensated care payments.
      - Hospitals are paid a fixed amount per COVID-19 inpatient admission, with an additional amount taking into account their Medicare and Medicaid disproportionate share and uncompensated care payments."
    - **Uninsured:** Funds from the second tranche will be used to reimburse healthcare providers at Medicare FFS rates for COVID-related testing and treatment of the uninsured on or after February 4. An April 28 IHA memo is available [here](#).

- Providers must enroll in the COVID-19 Uninsured Program, which will be overseen by the Health Resources & Services Administration (HRSA). Further information, including [frequently asked questions](#) and a COVID-19 Uninsured Program portal [user guide](#), can be found on the HRSA [website](#).
    - **Rural:** On May 1, HHS [announced](#) \$10 billion will be allocated to rural hospitals, Critical Access Hospitals (CAHs), Community Health Centers (CHCs) located in rural areas, and Rural Health Clinics (RHCs). Allocations will be a minimum of \$1 million to each hospital and \$100,000 to each clinic. These providers may qualify for additional funds, based upon the relative proportion of operating expenses they represent across the entirety of rural healthcare. The minimum base payment is meant to ensure that providers without Medicare claims, such as pediatric RHCs, still receive adequate support.
  - **Eligible expenses:**
    - Healthcare-related expenses or lost revenues *not otherwise reimbursed* and directly attributable to COVID-19.
    - Payments from the Provider Relief Fund 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 Provider Relief 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 Provider Relief Fund, the entity will be required to repay the funding it received from the Provider Relief Fund.

## Accelerated Medicare Payments

- On April 26, CMS [announced](#) it will reevaluate the amounts that will be paid under the Accelerated Payment Program and suspended its Advance Payment Program to Part B suppliers.
- **Description:** Under an expanded option through the Medicare Hospital Accelerated Payment Program, eligible providers were able to *request* accelerated payments that cover a time period of up to six months. (Established in the CARES Act.)
  - An informational fact sheet from CMS is available [here](#). CMS also created an FAQ memo, available [here](#).
  - An IHA [fact sheet](#) and FAQ [document](#) are also available.
- **Repayment:**
  - All providers and suppliers 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 9.625%.
- 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 31<sup>st</sup> 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.

## Paycheck Protection Program Small Business Loans

- **Description:**
  - Loan opportunities up to \$10 million are available through the Small Business Administration’s (SBA) [Paycheck Protection Program](#) (PPP), and are intended to help businesses with fewer than 500 employees keep their workforce employed during the pandemic. (Included in the CARES Act. An additional \$310 billion was [added](#) to the program through the Paycheck Protection Program and Health Care Enhancement Act.)
  - On April 2, the Department of Treasury (Treasury) released an [interim final rule](#), which made several material changes to previously published information as well as other guidance, including:
    - Increasing the interest rate from 0.5% to 1%;
    - Limiting the maximum loan term to two years;
    - Requiring that 75% of the loan be used for payroll costs; and

- Deferring 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.
  - An April 28 FAQ document from Treasury is available [here](#).
  - On April 24, Treasury provided [information](#) on how to calculate maximum loan amounts.
- **Eligibility:**
  - Small businesses and 501(c)(3) non-profit organizations, including hospitals, healthcare providers and certain entities that function as a 501(c)(3) and who meet certain criteria including having fewer than 500 total employees.
  - On May 3 Treasury released updated [guidance](#) (updated further on May 5) clarifying that public hospitals who are otherwise eligible—however do not have IRS determination letters recognizing them as described in section 501(c)(3) and exempt from tax under section 510(a)—will qualify as a 501(c)(3) for purposes of PPP if the hospital reasonably determines (in a written record maintained by the hospital) that it functions as an organization described in section 501(c)(3). An AHA special bulletin on the May 3 guidance is available [here](#).
  - On April 24, SBA issued an [interim final rule](#) clarifying certain provisions, including that public hospitals otherwise eligible who receive less than 50% of its funding from state or local government sources, exclusive of Medicaid, are eligible.
  - 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 30, IRS issued [guidance](#) stating that most expenses funded by *forgiven* PPP loans are non-deductible for federal tax purposes.
- **Application Information:**
  - SBA began accepting applications on April 3. IHA recommends eligible hospitals apply quickly, as PPP loans are available until allocated funds are exhausted, or June 30, whichever comes first.
  - Hospitals must be able to demonstrate they were harmed by COVID-19 between February 15 and June 30.
  - Applicants must submit [SBA Form 2483](#). A list of participating lenders and additional information is available [here](#) (updated April 23).
- **Other:**
  - An employer that has applied for and received a PPP loan that has not yet been forgiven can defer deposit and payment of the employer’s share of social security tax without incurring failure to deposit and failure to pay penalties through the date the lender issues a decision to forgive the loan. Once the lender provides

notice that a PPP loan is forgiven, the employer is no longer eligible to defer deposit, and payment of the employer's share of the social security tax is due after that date of forgiveness. However, the amount of the deposit and payment of the employer's share of Social Security tax that was deferred through the date that the PPP loan is forgiven continues to be deferred and will be due on the "applicable dates." Please see IRS [guidance](#) for additional information.

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## Main Street Lending Program

- **Description:**
  - The CARES Act authorized emergency loans (subject to certain conditions), and encouraged Treasury to establish a lending program for organizations with 500 to 10,000 employees. (April 30 [guidance](#) from the Federal Reserve expands eligibility to businesses with up to 15,000 employees or \$5 billion in annual revenue.)
  - On April 9, the Federal Reserve [announced](#) the establishment of the Main Street Business Lending Program. The announcement included the terms for the [Main Street New Loan Facility](#), which is the facility most likely to assist healthcare organizations ineligible for PPP loans or for which PPP loan maximums are insufficient.
    - According to an April 12 AHA [letter](#) to Treasury and the Federal Reserve, it appears that the Federal Reserve's separate municipal liquidity facility will not be directly available to public hospitals.
- **Eligibility:**
  - Eligible borrowers include "businesses" with up to 15,000 employees or up to \$5 billion in 2019 annual revenues, among other requirements. April 30 guidance from the Federal Reserve is available [here](#).
  - Non-profit organizations are not currently eligible (see p. 11 of the April 30 [guidance](#)). However, the guidance states that the Federal Reserve and the Treasury Department "will be evaluating the feasibility of adjusting the borrower eligibility criteria and loan eligibility metrics of the Program for such organizations."
- **Terms**
  - Loans are not to exceed 5 years and borrowers must commit to maintain employment levels as of March 24 until September 30 to the extent practicable, and retain no less than 90% of employees as of March 24.
  - April 30 [guidance](#) from the Federal Reserve reduced the minimum loan size for two of the program's loan options to \$500,000 from \$1 million.
  - Loans are not forgivable.
  - Terms and Conditions are provided in the April 30 [guidance](#).
- **Application Information:**

- Eligible borrowers should contact an eligible lender for more information on whether the eligible lender plans to participate in the program and to request more information on the application process.
  - Eligible borrowers must submit an application and any other documentation required by an eligible lender to such eligible lender.
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## FCC Telehealth Program

- **Description:**
  - The Federal Communications Commission released a [Report and Order](#) on April 2, establishing the \$200 million emergency COVID-19 Telehealth Program to promote access to connected care services and devices. (Funds were appropriated 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.
  - For detailed information, including examples of services and devices that the Telehealth Program may cover, please see pages 3-4 of an April 8 Public Notice announcement, available [here](#).
  - Through the program, eligible providers responding to the pandemic may apply for full funding of telecommunications services, information services, and devices necessary to provide critical 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 the 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 include nonprofit or public healthcare providers that fall within the following categories (as identified in the April 2 FCC [Report and 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.
- 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:**
  - Applications are being accepted by FCC (as of noon on April 13,) and will be accepted until funds are exhausted or the pandemic has ended.
  - Application instructions can be found [here](#), including screenshots of the application itself beginning on page 9.
  - Applications are accepted through an online portal. Please see information on the portal and other details [here](#).
  - The April 8, FCC [Public Notice](#) identifies three actions applicants should take in advance of filing an application. These are:
    - Submit an eligibility determination request from the Universal Services Administrative Company (USAC) by completing [FCC Form 460](#);
    - Obtain an FCC Registration Number (FRN) through this [link](#); and
    - Register with System for Award Management through this [link](#).

## FEMA Public Assistance Funds

- **Description:**
  - Pursuant to the declaration of COVID-19 as a national emergency, public assistance (PA) funding is available from the Federal Emergency Management



Agency (FEMA) to eligible state, territorial, tribal, local government entities and certain private, non-profit organizations—including hospitals, clinics, long-term care facilities and outpatient facilities.

- Hospitals seeking a PA grant will be applying through the Illinois Emergency Management Agency (IEMA).
- Assistance is provided at a 75% federal cost share and 25% is covered by PA applicants. It is unknown whether hospitals can use money from the Public Health and Social Services Emergency Fund to cover their share.
- Only hospitals that are part of a government organization (hospital district) or are a federal or state private non-profit (PNP) organization are eligible for PA funding. For profit hospitals are not eligible at this time.
- There is no timeline for when funds will be made available or if funding will ever be made available as this program is considered the funding of last resort by the federal government should expenses not be covered by the lead agency responding to the emergency. A best-case scenario suggests that it will be at least 45-60 days before a hospital receives funds.
- Grant recipients are subject to rigorous audits so it is imperative that appropriate tracking and documentation is completed and maintained.
- **Eligible Costs:**
  - Eligible costs include emergency work (e.g. overtime labor for budgeted employees and straight-time and overtime labor for unbudgeted employees), necessary equipment, and necessary supplies and materials.
  - While some activities listed may be eligible for funding through the Department of Health and Human Services (HHS) or the Centers for Disease Control and Prevention (CDC), final reimbursement determinations will be coordinated by HHS and FEMA. FEMA will not duplicate any assistance provided by HHS or CDC.
  - 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, without an accounting mechanism to reimburse as necessary.**
  - Costs submitted under the PA program cannot be duplicated when seeking assistance under the \$100 billion appropriated to hospitals under the CARES Act.
- **For application and additional information, please see IHA’s fact sheet, available [here](#).**

## Contact IHA

### Sources:

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