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. Hospitals must apply for the funding opportunities listed in this document. A companion resource document identifying automatic federal fiscal relief is available here. Please see IHA’s dedicated COVID-19 webpage for the latest information.

Hospitals may apply for or receive funds from multiple sources, however may not have multiple finance streams pay for the same expenses. 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.

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 3.27.2020.)
- **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: IHA 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.

- 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.

IHA 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 3.27.2020.)
- Eligibility:
  - Acute-care hospitals, critical access hospitals (CAHs), children’s hospitals and prospective payment system exempt cancer hospitals.
  - It is IHA’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. Hospitals will be charged interest on any outstanding balance beyond 12 months from the date of the first accelerated payment.

- **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.
    - The National Government Services application is [here](#).
    - The Wisconsin Physician Services application is [here](#).
  - Each MAC will review and issue payments within seven calendar days of receiving the request.
  - IHA’s FAQ memo is available [here](#).
  - A CMS Fact Sheet (released 3.28.2020) is 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 COVID-19 crisis. Recently released information from the Department of Treasury (Treasury) is available [here](#) and [here](#). (Included in the CARES Act, enacted 3.27.2020.)
    - 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 by June 1, 2020, rehire employees to reach prior staffing levels. (The amount eligible to be forgiven is equal to eight weeks of payroll costs, mortgage interest, rent and utility payments.)

- **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 hospitals may apply beginning April 3, and IHA recommends applying quickly, as there is a funding cap.

A sample application provided by SBA is available [here](https://www.sba.gov). Applicants may request loans up to the lesser of:

- 2.5 times the amount of average monthly payroll costs, excluding any compensation above an annual salary of $100,000; and
- $10 million.

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 IHA’s Automatic Federal Fiscal Relief Resource Document, available [here](https://www.sba.gov).

### Other Business Loans Through the Federal Reserve

**Description:**

- The CARES Act authorizes $500 billion in business loans using the Federal Reserve’s emergency lending authority. ($46 billion are set aside for specific industries, including airlines.)
- While a wide range of businesses may be eligible, the legislation directs the Treasury to “endeavor to implement” these loan programs specifically targeted for nonprofit organizations and businesses between 500 and 10,000 employees.
- IHA will share additional information when it is available.

Sources:

- [https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf](https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf)
- [https://invariant.app.box.com/s/wcsxa8tjqn0p0n1xon8il1yqhyqvnl7](https://invariant.app.box.com/s/wcsxa8tjqn0p0n1xon8il1yqhyqvnl7)
- [https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp](https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp)