

COVID-19 | Resources for Hospitals & Health Systems

Frequently Asked Questions

What financial assistance is available for hospitals, health systems and health care providers in the bill?

The Coronavirus Aid, Relief, and Economic Security (CARES) Act makes available \$100 billion through the Public Health and Social Services Emergency Fund (PHSSEF) to cover non-reimbursable expenses attributable to COVID-19. All health care entities that provide COVID-19 related health care, diagnoses or testing are eligible for funding.

Additional funding mechanisms, such as Medicare payment boosts, support for community health centers and additional appropriated funding, are discussed in more detail below.

What is the process and criteria for providers to receive the PHSSEF funding?

The CARES Act directs the Department of Health and Human Services (HHS) to review applications and make payments on a rolling basis in order to get money into the health system as quickly as possible. This is in contrast to a more traditional competitive grant process, under which HHS would solicit applications by a certain deadline and review all applications together.

HHS is given significant flexibility in determining how the funds are allocated, as opposed to operating under a mandated formula or process for awarding the funds. This is to ensure that the funding is nimble enough to meet all needs and that the fund disperses money fast enough to help struggling entities.

The Secretary is expected to release guidance on the application process shortly, and Congress will continue to work with the Administration to ensure that the funding and application process works as intended.

What expenses qualify for funding?

All non-reimbursable expenses attributable to Covid-19 qualify for funding. Examples include building or retrofitting new ICUs, increased staffing or training, personal protective equipment, the building of temporary structures and more. Forgone revenue from cancelled procedures, which has put significant strain on the health care system, is also a qualified expense. It is important to note that this fund can only be used for non-reimbursable expenses. Any expenses reimbursed or obligated to be reimbursed by insurance or other mechanisms are not eligible. The bill instructs the Secretary to establish a reconciliation process under which payments will have to be returned to the fund if other sources provide reimbursement for expenses.

Can health care entities access funds under the PHSSEF if they are also eligible for funding from another government program?

Yes. The 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 re-pay the funding it received from the PHSSEF fund. This same principle also applies to the new SBA7(a) loans Payroll Protection Program forgivable loans, the SBA's Economic Injury Disaster Loan (EIDL) Program, and the new EIDL Emergency Grant Program.

Treating patients with COVID-19 is very resource intensive for hospitals. How will Medicare ensure that hospitals are adequately reimbursed for treating COVID-19 patients?

The CARES Act increases Medicare reimbursement to care for a COVID-19 patient by 20 percent (specifically, the Act increases the weighting factor of DRGs for inpatients diagnosed with COVID-19 by 20 percent). This add-on payment for inpatient hospital services will be applied for the duration of the COVID-19 emergency.

What options are available to hospitals facing capacity issues?

Under normal circumstances, hospitals must provide services within their own buildings. Under temporary new rules, hospitals will be able to transfer patients to outside facilities, such as ambulatory surgery centers, inpatient rehabilitation hospitals, and hospital-like settings including hotels and dormitories, while still receiving hospital payments under Medicare. For example, a hospital system could use a hotel to take care of patients needing less intensive care while using its inpatient beds for COVID-19 patients.

Ambulances can also transport patients to a wider range of locations including community mental health centers, federally qualified health centers, physician offices, urgent care facilities, and ambulatory surgery centers.

If a hospital has not treated any cases of COVID-19, are there other ways it can benefit from the Medicare policies in the bill?

Yes. The CARES Act temporarily lifts the Medicare sequester, effectively adding an additional two percent for services provided from May 1 through December 31, 2020. This will boost payments for hospital, physician, nursing home, home health, and other care, giving prompt economic assistance to health care providers that treat Medicare patients.

Is there anything else in this bill to help hospitals that are facing cash flow challenges?

During the COVID-19 public health emergency, the CARES Act creates the opportunity for hospitals to receive accelerated payments in order to give providers a more reliable and stable cash flow to help maintain and support their workforce, buy essential supplies, and keep their doors open to care for patients.

Specifically, acute care hospitals, critical access hospitals (CAHs), children's hospitals, and prospective payment system-exempt cancer hospitals (PCHs) will be able to request accelerated Medicare payments for inpatient hospital services.

Rather than waiting until claims have been processed to issue payment, Medicare will work with qualified and interested hospitals to estimate their upcoming payments and give that money to the hospital in advance. Qualified facilities can request a lump sum or periodic payment reflecting up to six months of Medicare services. Accelerated payments must be repaid to Medicare, however a qualifying hospital would not be required to start paying Medicare back for four months after receiving the first payment. Hospitals would have at least 12 months to complete repayment without paying interest.

Hospitals interested in receiving accelerated payments should contact Nevada's Medicare Administrative Contractor, [Noridian](#).

Does this bill include anything to help hospitals access critical supplies?

The bill provides \$1 billion for the Defense Production Act and waives certain DPA notification, prior Congressional approval and spending requirements so that the administration could use this funding immediately to address shortages in personal protective equipment, ventilators, beds, diagnostic test kits, and other urgently-needed medical supplies and equipment, and engage in other essential activities during the COVID-19 emergency.

Additionally, the bill includes \$16 billion to replenish the Strategic National Stockpile supplies of pharmaceuticals, personal protective equipment, and other medical supplies, which are distributed to State and local health agencies, hospitals and other healthcare entities facing shortages during emergencies.

What in this bill will help to provide frontline health workers with access to childcare?

The bill includes an additional \$3.5 billion in funding for the Child Care and Development Block Grant (CCDBG) to provide child care assistance to health care sector employees, emergency responders, sanitation workers, and other workers that are deemed essential during the COVID-19 response by public officials.

What support is included for community health centers (CHCs)?

The CARES Act provides \$1.32 billion in supplemental funding for community health centers (CHCs), which are on the front lines in addressing COVID-19 in underserved communities across the country. This funding is in addition to the \$100 million distributed by the Health Resources and Services Administration (HRSA) to CHCs on March 24th. Community Health Centers can also access the PHSEFF fund.

Can Federally Qualified Health Centers (FQHCs), including CHCs and Rural Health Clinics (RHCs) deliver care via telehealth?

Yes. The CARES Act requires the HHS Secretary to provide Medicare payment to FQHCs (including CHCs) and RHCs for telehealth services provided to seniors and other Medicare beneficiaries, including in the beneficiaries' homes to avoid potential exposure to COVID-19, during the COVID-19 public health emergency. Medicare would be required to pay the FQHC or RHC at rates similar to those for telehealth services provided from a doctor's office. Costs associated with those telehealth services would not affect the prospective payment system for FQHCs or the all-inclusive rates for RHCs.

What support does this bill provide to other providers experiencing financial strain related to closures or deferrals of elective procedures?

Small businesses and 501(c)(3) non-profit organizations, including hospitals, health systems, and health care providers, are eligible to apply for the Small Business Administration's Payroll Protection Program. Through this program, a small business or organization can apply to an SBA-approved lender for a loan of up to 250% of your average monthly payroll costs to cover eight weeks of payroll as well as help with other expenses like rent, mortgage payments, and utilities. This loan can be forgiven based on maintaining employee and salary levels. For any portion of the loan that is not forgiven, the terms include a maximum term of 10 years, a maximum interest rate of 4 percent. Small businesses and organizations will be able to apply if they were harmed by COVID-19 between February 15, 2020 and June 30, 2020. To be eligible,

small businesses and 501(c)(3) non-profit organizations must have fewer than 500 employees, or more if SBA's size standards for the non-profit allows. This program is retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls. Loans are available through June 30, 2020.