



## Funding Opportunities for Hospitals During the COVID-19 Crisis

This document provides an overview of the direct funding opportunities available to hospitals, health systems, and other health care providers through the various Coronavirus packages passed by Congress. Please see KHA's dedicated web page for the latest information:

<https://www.kha-net.org/CriticalIssues/HospitalPreparedness/covid-19/covid-19-funding-resources/>

### Coronavirus Aid, Relief, & Economic Security (CARES) Act - H.R. 748. Became law 3-27-20.

Congress appropriated \$100 billion to the Public Health and Social Services Emergency Fund (PHSSEF) Provider Relief Funds to reimburse hospitals and other health care providers for lost revenues and increased expenses due to COVID-19. Payments are distributed through grants and other payment mechanisms, and do not need to be repaid so long as the stated conditions are met. Hospitals and other health care providers must report health care-related expenses or lost revenues not otherwise reimbursed that are directly attributable to COVID-19. The PPPHCEA (see page 2 for more information) added \$75 billion to the Provider Relief Funds.

#### **General Distribution of Funding: \$50 billion**

**Round 1 Distribution:** \$30 billion. Between April 10 and April 17, HHS distributed payments to hospitals and other providers based on their 2019 Medicare fee-for-service payments.

**Round 2 Distribution:** \$20 billion. On April 24, HHS released an automatic payment to some health care providers to "true-up" the distribution for the General Distribution so that the hospital or other health care provider's total allocation under the first two general distributions would be proportional to their 2018 total net patient revenue. HHS will distribute additional payments based on financial information reported into the Provider Relief Fund portal.

#### **Targeted Distribution of Funding:**

**High-Impact Hospitals:** \$12 billion. Beginning on May 7, HHS distributed \$10 billion to hospitals who had at least 100 COVID-19 admissions in the form of \$76,975 per admission. In addition, \$2 billion was distributed to the same hospitals in proportion to the facility's share of Medicare Disproportionate Share Hospital Funding.

**Rural Providers:** \$10 billion. On May 6, rural hospitals and CAHs received a graduated base payment plus 1.97% of the hospital's operating payments. Independent RCHs received a base payment of approximately \$100,000 plus 3.5% of operation expenses. Community health centers received a flat payment of approximately \$100,000.

**Treatment of Uninsured:** Undetermined amount. Hospitals must register on the HRSA website and submit claims for treatment of uninsured with COVID-related treatment provided after February 2, 2020. Claims are reimbursed generally at Medicare rates, subject to available funding.

**Indian Health Services:** \$500 million. On May 29, funding was distributed to providers based on operating expenses.

**High Medicaid Providers:** (no specific dollar amount identified). Distributions to providers and facilities that did not receive funds from the General Distributions that billed Medicaid or CHIP programs.

**Skilled Nursing Facilities:** \$4.9 billion. Beginning on May 22, HHS began distributing payments to SNFs. Each SNF with more than 6 beds will receive a fixed distribution of \$50,000 plus a distribution of \$2,500 per bed.

**Safety Net Hospital Distribution:** \$10 billion. Distributions were made on June 12 to eligible hospitals serving a disproportionate share number of Medicaid patients and who provided large amounts of uncompensated care.

## Coronavirus Aid, Relief, & Economic Security (CARES) Act (continued)

### Accelerated Medicare Payments

As authorized through the CARES Act, the Centers for Medicare & Medicaid Services (CMS) expanded the Accelerated and Advance Payment Program to a broader group of Medicare Part A providers and Part B suppliers, during the duration of the public health emergency. Part A inpatient acute care hospitals, children's and cancer hospitals can request up to 100% of their Medicare payment amounts for a six-month period, and CAHs can request up to 125% of their Medicare payment amounts for a six-month period. Repayment of the Accelerated Payments will begin 120 days after issuance of the payment. Repayment in full is required after 12 months for Part A providers. NOTE: This program was suspended on April 26, 2020. CMS will reevaluate all pending and new applications as of that date.

### Paycheck Protection Program (PPP) Small Business Loans

The PPP authorized up to \$349 billion in forgivable loans to small business to pay their employees during the COVID-19 crisis. Loan opportunities up to a \$10 million cap is available through the Small Business Administration (SBA) to help businesses with fewer than 500 employees. Regulations released have allowed SBA to loan funds to 501(c)(3) hospitals and those of similar structure.

### Assistant Secretary for Preparedness and Response (ASPR) Grant

The U.S. Department of Health and Human Services (HHS) announced it would provide \$100 million in aid to hospitals and health care systems in preparing for a surge in COVID-19 patients. Of that funding, \$50 million was allotted to State Hospital Associations for distribution through competitive grant applications. KHA received \$784,542 in funds to award and distribute within 30 days. Checks were distributed to the participating hospitals on May 1, 2020. KHA will receive \$1.95 million to be distributed in the future.

### Federal Emergency Management Agency (FEMA)

Pursuant to the declaration of COVID-19 as a national emergency, public assistance funding is available from 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. Funds are to be used to cover costs directly related to COVID-19 preparation and response.

### State of Kansas COVID-19 Grant

Authorized by Governor Laura Kelly to offset the financial strains caused by the COVID-19 pandemic, grant funds were distributed to Kansas hospitals in the following manner: CAHs received \$100,000; Rural PPS hospitals received \$150,000; and Semi-Urban and Urban hospitals received \$250,000. Hospitals were not required to complete an application and there were no specific requirements tied to the utilization of the funds. Total payments were approximately \$17 million.

### Paycheck Protection Program and Health Care Enhancement Act (PPHCEA) H.R. 266. Became law 4-24-20.

Also known as the COVID-19 3.5 package, PPHCEA increases funding to the Paycheck Protection Program and provides more funding to health care providers by adding \$75 billion to the CARES Act Provider Relief Funding as well as providing \$25 billion to expand COVID-19 testing capacity.

Rural Health Clinics: \$225 million. On May 20, HHS distributed approximately \$50,000 per RHC to support COVID-19 testing efforts and expand access to testing in rural communities. There were 174 RHCs in Kansas that received a total of around \$8.6 million.

Paycheck Protection Program: \$310 billion. This is an addition to the \$349 billion authorized under the CARES Act.