



# Funding Opportunities for Hospitals During the COVID-19 Crisis

This document provides an overview of the 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/>. Detailed information is also available on the HHS CARES Act website at <https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/index.html>.

## 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. The PPPHCEA (see page 2 for more information) added \$75 billion to the Provider Relief Funds (PRF).

### **General Distribution:**

**Phase 1 General Distribution:** \$50 billion. Between April 10 and April 17, HHS distributed an initial \$30 billion to hospitals and other providers based on their 2019 Medicare fee-for-service payments. On April 24, HHS released an additional \$20 billion to some health care providers so that their total allocation under the Phase 1 Distribution was proportional to their share of the 2018 total net patient revenue based on revenue data from their Medicare cost reports. Providers without adequate cost report data could submit revenue information into the PRF portal to be considered for a payment.

**Phase 2 General Distribution:** \$18 billion. Eligible providers include participants in state Medicaid/CHIP programs, Medicaid Managed care plans, dentists, and certain Medicare providers, including those who missed Phase 1 General Distribution payment equal to 2% of their 2018 patient care revenue or who had a change in ownership in 2019 or 2020. Assisted living facilities were also eligible to apply.

**Phase 3 General Distribution:** \$24.5 billion. Providers that had already received PRF payments could apply for additional funding in Phase 3 General Distribution funding of \$20 billion that considers financial losses and changes in operating expenses caused by coronavirus. Previously ineligible providers, including those who began practicing in 2020 and an expanded group of behavioral health providers, could also be eligible for payments. On December 16, HHS announced that an additional \$4.5 billion would be added to the Phase 3 General Distribution.

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

**COVID-19 High-Impact Distribution:** \$22 billion. Beginning on May 7, HHS distributed \$10 billion to hospitals who had at least 100 COVID-19 admissions. An additional \$2 billion was distributed to the same hospitals in proportion to the facility's share of Medicare Disproportionate Share Hospital funding. On July 17, HHS announced that an additional \$10 billion would be distributed in a second round of funding for high-impact hospitals.

**Rural Providers:** \$11 billion. On May 6, HHS distributed \$10 billion to rural hospitals, CAHs and Community Health Centers located in rural areas. On July 10, HHS announced another \$1 billion would be distributed to certain special rural Medicare designation hospitals in urban areas as well as others who provide care in smaller non-rural communities.

**Skilled Nursing Facilities (SNF):** \$7.4 billion. HHS announced on May 22 a distribution of \$4.9 billion to SNFs and then a second distribution on August 27 of \$2.5 billion to combat the effects of the pandemic.

**Tribal Hospitals, Clinics, and Urban Health Centers:** \$500 million. On May 29, funding was distributed to providers based on operating expenses to expand Indian Health Service capacity for telehealth and testing.

**Safety Net Hospital Distribution:** \$14.4 billion. On June 12, \$10 billion was distributed to eligible hospitals serving a disproportionate share number of Medicaid patients and who provided large amounts of uncompensated care. On July 10, HHS announced an additional \$3 billion was distributed to hospitals that did not qualify for the June distribution. HHS also distributed \$1.4 billion to almost 80 free-standing children's hospitals impacted by the pandemic.

**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.

**Rural Health Clinic COVID-19 Testing and Mitigation Program:** In June 2021, the HRSA awarded \$424million to rural health clinics for COVID 19 testing. \$100,000 each to more than 4,200 rural health clinics to maintain and increase COVID-19 testing, expand access to testing for rural residents, and broaden efforts to mitigate COVID-19's spread in ways tailored to their local communities.

## 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 was originally scheduled to begin 120 days after issuance of the payment with repayment in full after 12 months. The program was suspended on April 26, 2020. The Continuing Appropriations Act 2021 and Other Extension Act extended the repayment terms to begin one year after the payment was issued and as well as changing the recoupment terms and the interest rate for unrecovered payments.

### 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.