

## COVID-19 Funding for Hospitals and Other Providers

\*Updated as of May 11, 2020 - The programs listed here do not represent a comprehensive list of funding opportunities. However, below provides an overview of the key grant, loan, and changes to Medicare/Medicaid payment.

Program:	Description:	Eligibility & Restrictions:	Status:	Remarks /Additional Resources:
<p><b>\$175 billion Provider Relief Fund</b></p> <p>Cares Act Division B HHS Approps. PHSSEF \$100B</p> <p>PPP Act and Health Care Enhancement Act (Corona 3.5) \$75 B</p>	<p>Congress Appropriated two lump sums that will remain available until expended to prevent prepare for and respond to coronavirus domestically or internationally to reimburse eligible health care providers for necessary expenses through grants or other mechanisms for healthcare-related expenses or lost revenues attributable to coronavirus.</p> <p>HHS has the discretion to allow funds to be used for temporary facilities, leasing properties, supplies and equipment, testing supplies, increased workforce and training costs, emergency operation centers, retrofitting facilities and surge capacity. HHS is directed to expedite the delivery of these funds.</p>	<p>Public, Medicare-participating, and other nonprofit and for-profit entities that the Secretary specifies that have provided diagnoses, testing, or treatment for actual or suspected cases of COVID-19. HHS has construed any medical encounter to be a possible case of COVID-19.</p> <p>Funds can't be used to reimburse expenses or losses that have been reimbursed by other sources or that another source is obligated to reimburse.</p>	<p>To date, \$72.4 billion of Provider Relief Fund payments have been accounted for—</p> <ul style="list-style-type: none"> <li>• \$50 billion for general distribution to Medicare FFS providers. The first \$30 billion was distributed beginning April 10, 2020, in proportion to a provider's share of 2019 Medicare FFS reimbursement. The second wave of \$20 billion was distributed beginning April 24, 2020, such that the full \$50 billion is allocated proportionately to providers' net patient revenue.</li> <li>• \$10 billion to the 395 hospitals that provided inpatient care to 100 + COVID-19 patients through April 10. HHS distributed an additional \$2 billion in funding to these facilities to account for disproportionate share of low income patients.</li> <li>• \$10 billion to rural acute care general hospitals, critical access hospitals, rural health clinics, and community health centers in rural areas.</li> <li>• \$400 million to the Indian Health Service</li> <li>• Unspecified amount based on claims <a href="#">submitted</a> to HHS by providers testing or treating uninsured COVID-19 patients on or after February 4.</li> <li>• Additional allocation expected for Medicaid providers.</li> </ul>	<p>Unclear whether future tranches will use the application, pass-throughs, or other mechanisms.</p> <ul style="list-style-type: none"> <li>▪ <a href="#">CARES Act Provider Relief Website</a></li> <li>▪ <a href="#">CARES Act Provider Relief Fund Application Guide</a></li> <li>▪ <a href="#">General Distribution Portal FAQs</a></li> <li>▪ <a href="#">Terms and Conditions</a></li> <li>▪ <a href="#">HRSA Provider Relief Fund—General Allocation</a></li> </ul>

<p><b>Medicare Accelerated Payment Program (APP) via CMS.</b></p>	<p>The APP is an expanded version of the Periodic Interim Payment (PIP) program that has existed for hospitals; this expansion was authorized under the CARES Act.</p> <p>Hospitals and other providers that bill Medicare can apply through their MAC for an advance of up to up to 100% (125% for critical access hospitals) of the Medicare payment amount based on a six-month lookback period for hospitals or a three month lookback period for other providers.</p> <p>After 120 days, recoupment via 100% claims offset will begin with repayment reconciliation within one year (hospitals) or 210 days (other providers).</p> <p>At the end of the repayment period, the MAC will send the provider a demand letter if there is a remaining balance.</p> <p>There is a 30-day grace period before interest (9.625 %) on the remaining balance begins.</p>	<p>This is an advance, not a transfer payment. It is only relevant for providers that have billed Medicare for claims within 180 days immediately prior to the date of signature on the provider' s/supplier's request form; must not be in bankruptcy, under an active medical review or a program integrity investigation; and must not have outstanding delinquent Medicare overpayments.</p>	<p>The program was quickly initiated, and many providers successfully applied and received advance/accelerated payments.</p> <p>On April 26, 2020, CMS <a href="#">announced</a> that it would not be accepting any new applications for the Advance Payment Program for Part B suppliers, effective immediately. CMS also is "reevaluating" all pending and new applications for Accelerated Payments in light of the aid available through the Provider Relief Fund.</p> <p>Some applicants are not receiving payments even though they were approved prior to the suspension notice.</p>	<p>For more information and application processes and criteria, see the CMS <a href="#">factsheet</a>.</p>
<p><b>Hospital Preparedness Program (HPP)</b></p> <p>Coronavirus Emergency Supplemental (\$100M)</p> <p>Cares Act Division B HHS Approps. PHSSEF (\$250M)</p>	<p>HPP is an existing program Administered by the HHS Assistant Secretary for Preparedness and Response (ASPR) that uses funding opportunity announcements tied to either grant or cooperative agreement vehicles to deliver funds to states, local partnerships, and hospitals participating as</p>	<p>HHS distributes HPP funds to 62 specific awardees, which are primarily local and state health departments. There is no application process to obtain HPP funds.</p> <p>ASPR used HPP to fund five-year awards for Ebola and Special Pathogens State and Regional Treatment</p>	<p>Initial \$100 million is distributed \$50 million to State Hospital Associations, and \$50 million to special pathogen hospitals.</p> <p>The distribution of the subsequent \$250 million has not been determined.</p> <p>Congress may provide more funding for HPP.</p>	<p>There is a long term potential for this program to be revised and re-invented.</p> <p>More information on the HPP program is available <a href="#">here</a>.</p> <p>More information on HPP funds for a Regional Treatment Network for Ebola and Other Special Pathogens may be found <a href="#">here</a>.</p>

	<p>Ebola and Special Pathogen treatment and assessment hospitals.</p> <p>The appropriation is for preparing and responding to COVID-19, is to be provided by either grants or cooperative agreements, and is limited to entities that are grantees or sub-grantees under HPP as well as such other recipients as HHS shall determine.</p>	<p>Centers and a network of assessment hospitals.</p>		
<p><b>Treasury Economic Stabilization Fund (ESF)</b></p> <p>Title IV of CARES Act (\$500B)</p>	<p>Within this program, the Treasury and the Federal Reserve Banks are providing \$600 billion to establish the Main Street Lending Program to provide support to eligible businesses up to the 15,000 employees or \$5B in annual revenue. The Main Street New Loan Facility (MSNLF) will make new loans, and the Main Street Expanded Loan Facility will take a 95% stake in the "upsized tranche" of existing loans. Loans must be originated or upsized after April 8 and be at least \$1 million. The maximum amount is \$25 million for new loans and \$150 million for upsized (and may be lower depending on several metrics). Loans are for four years with principal and interest deferred for one year and an interest rate of SOFR plus 2.5-4.0%. There is a 1% origination fee. This Special Purpose Vehicle will purchase loans</p>	<p><u>It is still unclear whether eligible businesses include nonprofits.</u></p> <p>Applicants have to certify that exigent circumstances due to COVID-19 require this refinancing and that "reasonable efforts" to maintain payroll and employment will be taken. There are various prohibitions on using proceeds to refinance or pay off other debt. Officers and employees compensated at more than \$425,000 in 2019 are not eligible for increased compensation until one year after the loan is repaid. Other requirements apply to those compensated above \$3 million.</p> <p>Businesses must choose between the MSNLF, MSELF, or the Primary Market Corporate Credit Facility. There is no prohibition on participating in PPP and Main Street Lending program.</p>	<p>This program has not yet been launched. The description here is taken from Term sheets and other information released by the Federal Reserve and followed by a brief comment period. There may be changes before the program is finalized.</p> <p>Certain statutory requirements related to outsourcing and union contracts do not appear to have been addressed.</p> <p>Holland &amp; Knight wrote a comment letter to the Fed that, among other things, asked for clarification that nonprofits be included.</p>	<p>Determine whether there is a need/benefit for new borrowing or refinancing existing debt under this program.</p>

	until September 30, 2020.			
<p><b>FEMA</b></p> <p>Reserve Fund and Cares Act Div. B DHS Approps. (approx. \$95B)</p>	<p>FEMA has activated its Public Assistance program that works through State EMAs to provide resources for eligible entities to reimburse for certain <u>"emergency response costs."</u></p> <p>Medical response costs include PPE, disseminating medicine, DME, emergency medical and mass care, medical facility services, temporary medical facilities, or enhanced treatment capacity.</p> <p>After the fact and expedited assistance programs.</p>	<p>Health Care Providers are generally eligible for private nonprofit organizations. For-profit entities are not eligible. Business losses are not covered.</p> <p>FEMA is a payer of last resort. They will not cover costs that have been or could be otherwise reimbursed.</p>	<p>FEMA released updated PA program guidance on May 11<sup>th</sup> to clarify eligible pandemic response costs.</p> <p><i>As of May 11, the guidance has not posted yet but should be released <a href="#">here</a> once updated.</i></p> <p>The gateway to applying for relief from FEMA runs through State EMAs, all of which are proceeding and different speeds.</p>	
<p><b>CDC</b></p> <p>Coronavirus Supplemental (\$2.2B)</p> <p>Cares Act Division B (\$4.3B)</p> <p>PPP Act and Health Care Enhancement Act (Corona 3.5)</p>	<p>CDC is being funded for a wide variety of public health response activities internal to the agency (e.g., PPE, surveillance for COVID-19, laboratory testing, contact tracing, infection control, other public health preparedness, and response). A total of \$2.45B has been provided for state and some local health departments to receive assistance equal to at least 190% of the amounts provided in 2019. And \$500 million has been provided to support the modernization of state PH data systems.</p>	<p>CDC primarily works with its state and local departments of public health partners. The major vehicle for these funds will probably be the existing public health emergency preparedness (PHEP) agreements.</p>	<p>Ongoing</p>	<p>Incidental support through these resources may be available for research, surveillance, PPE, etc.</p> <p>The modernization of IT will play out over a period of time.</p> <p>CDC resources will probably be used over a longer time frame to redress the problems with the PH testing infrastructure.</p>

<p><b>Public Health and Social Services Emergency Fund</b></p> <p>Coronavirus Supplemental</p> <p>Family First Act.</p> <p>Cares Act Division B</p> <p>PPP Act and Health Care Enhancement Act (Corona 3.5)</p>	<p>The fund has been given \$31 Billion across the four bills for a number of activities (including HPP and healthcare provider fund discussed above). About \$17 billion is for the acquisition of PPE, equipment, tests, vaccines, etc. for the Strategic National Stockpile; \$5.5B is for the development of countermeasures through BARDA; \$1B is for reimbursement of testing for the uninsured under the National Disaster Medical System.</p>	<p>Various procurement activities.</p> <p>No information on funds for testing uninsured.</p>	<p>Ongoing</p>	<p>BARDA has <a href="#">posted</a> a Broad Agency Announcement.</p>
<p><b>NIH/Research Funding</b></p> <p>Coronavirus Supplemental</p> <p>Cares Act Division B</p>	<p>NIH has been provided with research funds, including</p> <ul style="list-style-type: none"> <li>▪ \$1.532 billion for NIAID</li> <li>▪ \$103.4 million for NHLBI</li> <li>▪ \$60 million for NIBIB</li> <li>▪ \$36 million for NCATS</li> <li>▪ \$30 million for the NIH Office of Director</li> <li>▪ \$10 million for NIEHS</li> <li>▪ \$10 million for NLM</li> </ul> <p>DOD and NSF are among other agencies receiving COVID Research funding.</p>	<p>To get funding our as quickly as possible, NIH is Urgent and Emergency competitive revision Funding Opportunity Announcements (FOAs).</p> <ul style="list-style-type: none"> <li>▪ The <a href="#">Emergency Competitive Revision FOA</a> can only be used for funding available for applications based on a presidentially declared disaster under the Stafford Act, a public health emergency declared by the Secretary, HHS, or other local, regional or national disaster.</li> <li>▪ The <a href="#">Urgent Competitive Revision FOA</a> can be used to meet immediate needs to help address a specific public health crisis in a timely manner. This vehicle is used to help address a specific public health crisis that was unforeseen when the application or progress report was submitted.</li> </ul>	<p>Various FOAs have been issued by NIH with more to come.</p>	<p>Higher Education Community requesting \$26B in research funding for a range of agencies.</p> <p>NIH requires applications to be submitted in response to an Emergency or Urgent Notice of Special Interest (NOSI). They are maintaining a list of COVID-19 specific Notices of Special Interest on our <a href="#">Coronavirus Disease 2019 (COVID-19): Information for NIH Applicants and Recipients of NIH Funding</a> website.</p>
<p><b>FCC COVID-19 Telehealth Program</b></p> <p>CARES Act Div. B (\$200M)</p>	<p>The FCC was funded to implement a COVID-19 specific telehealth fund separate from its Connected Care</p>	<p>Nonprofit and public healthcare providers that fall into the following categories: • Post-secondary educational institutions offering healthcare instruction,</p>	<p>FCC approved a Report and Order standing up the program.</p> <p>FCC is accepting applications. As of May 10, the FCC has released 13.6</p>	<ul style="list-style-type: none"> <li>• <a href="#">FCC Website on COVID-19 Telehealth Opportunity</a></li> <li>• <a href="#">FCC webinar on the</a></li> </ul>

	Pilot. Funds may be used to purchase services and connected devices to provide connected care services in response to COVID-19.	teaching hospitals and medical schools • Community health centers or health centers providing healthcare to migrants • Local health departments or agencies • Community mental health centers • Not-for-profit hospitals • Rural health clinics • Skilled nursing facilities • A consortia of healthcare providers consisting of one or more entities falling into the first seven categories  Grants are expected to be limited to \$1M.	million of the \$200 million so far across four waves.	<a href="#">Application Process</a>
<b>Medicaid FMAP Medicaid DSH</b>  Families First Sec. 6008  CARES Act Sec. 3813	Increases FMAP by 6.2% during the emergency period  Temporary relief from pending DSH allotment cuts.	To qualify states must: • Maintain eligibility standards, methodologies or procedures that are no more restrictive than what the state had in place as of January 1, 2020 • Not charge higher premiums than what the state had in place as of January 1, 2020 • Cover testing, services and treatments related to COVID-19 at no cost-sharing for beneficiaries • Not terminate Medicaid enrollment of individuals who enrolled in Medicaid before or during the emergency period, unless the individual voluntarily terminates or is no longer a resident of the state	State match enhanced on quarterly advances and reconciliations.	A state might process claims at a faster rate to take advantage of higher FMAP, or take other steps.  FAQs are available <a href="#">here</a> .
<b>Medicare 20 percent DRG add-on payments for inpatient services</b>  CARES Act Sec. 3710	A Medicare 20% add-on payment for COVID-19-related inpatient services			<a href="#">MLN on IPPS update</a>
<b>Telehealth</b>  CMS continues to add new flexibilities on a sub-regulatory basis during the public health emergency.	HHS has instituted several flexibilities that waive many of the generally applicable rules governing Medicare telehealth and telemedicine services in response to the COVID-19 public health crisis. These include removing billing limitations and expanding the number of approved covered codes for Medicare telehealth and new reimbursements			<ul style="list-style-type: none"> <li>• <a href="#">CMS Fact Sheet</a></li> <li>• <a href="#">List of Telehealth Services</a></li> <li>• <a href="#">CMS FAQ</a></li> <li>• <a href="#">CMS Physician and Practitioner Guidance</a></li> <li>• <a href="#">COVID-19 Emergency Declaration Blanket Waivers for Health Care Providers</a></li> </ul>

	for audio-only Evaluation & Management services.			
<p><b>SBA Paycheck Protection Program (PPP)</b></p> <p>CARES Div A, Title I (\$349B)</p> <p>PPP Act and Health Care Enhancement Act (Corona 3.5) (\$310B)</p>	<p>Small Business (as defined by SBA size or revenue standards) and 501(c) (3)s, (19)s and tribal business entities nonprofits with 500 or fewer employees or that meet applicable SBA standard may apply through the SBA 7(a) program for loans that include a forgiveness portion.</p> <p>Loans have a two-year term, six months deferred repayment, 1% interest rate, can be prepaid, and SBA pays fees. These 100% guaranteed loans cover specific operating costs capped at a lesser of 250% of average monthly payroll or \$10 million.</p> <p>Eight weeks of payroll, rent, mortgage payments, utility costs incurred starting on the origination date are forgiven. This amount may be reduced for failure to comply with certain employment and compensation thresholds.</p> <p>SBA affiliation rules require a small business concern not to be under the control of a larger entity.</p>	<p>The SBA size standard for small physician practices is under \$12M in annual revenue. Only 25% of the borrowed and forgiven amounts may be for non-payroll costs. Wages above \$100,000 may not be included.</p> <p>A proportional reduction in the forgiveness amount applies to the extent to which FTE count is below the prior level during the eight week period and dollar for dollar reduction for pay cuts of more than 25% for employees under \$100,000. These reductions can be partially offset by getting back to your FTE count and prior pay levels by 6/30.</p> <p>If you take the employer retention credit, you <u>cannot</u> participate; if you participate, you cannot take the OASDI payment deferral. There is no prohibition on participating in PPP and Main Street Lending program.</p>	<p>Congress replenished funding, and applications were re-opened on 4/27.</p> <p>SBA IT systems are being overwhelmed.</p> <p>There have been problems with providing clear guidance. Guidance on how to apply for forgiveness has not been issued.</p>	<p>The SBA resumed accepting applications on April 27, 2020. Visit <a href="#">the SBA's PPP page</a> for more information on SBA 7(a) lenders and application details.</p> <p>PPP FAQs may be found <a href="#">here</a>.</p> <p>Congress is considering making changes to the program</p>
<p><b>Deferral of Payroll Taxes</b></p> <p>CARES Div A, Sec. 2302</p>	<p>Employers may defer payment of 6.2% OASDI (but not HI or FUTA) from March 27 through December 31, 2020.</p>	<p>Must repay over the subsequent two year period—50% by December 31, 2021, and 50% by December 31, 2022.</p> <p>Businesses that defer the payroll tax may still receive a PPP loan, but</p>	<p>IRS website has posted relevant materials.</p>	<p>Maintain appropriate documentation and avoid non-payment errors that could lead to penalties</p> <p>More information is available <a href="#">here</a>.</p>

		they are ineligible for the PPP loan forgiveness.		
<p><b>Employee Retention Payroll Tax Credit</b></p> <p>CARES DIV. A Section 2301</p>	<p>A qualifying employer may seek a refundable payroll credit of up to 50% of qualifying wages up to \$10,000 during an applicable calendar quarter (i.e., \$5,000). Qualifying employer is one that experiences either (i) a drop in gross revenues of 50% from the comparable prior year calendar quarter; or (ii) total or partial closure due to a government order.</p> <p>An employer with 100 or fewer employees may take the credit with respect to all employees retained. An employer with more than 100 employees may only take the credit for retaining employees who cannot provide services due to the qualifying event.</p>	<p>Qualified wages are those incurred between March 13 and December 31, 2020.</p> <p>Qualification ends in a quarter in which gross revenue returns to 80% of the comparable prior-year quarter.</p> <p>This is a refundable credit that is not subject to repayment.</p> <p>You cannot participate in this and also participate in the PPP.</p>	<p>IRS website has posted relevant materials.</p>	<p>Maintain appropriate documentation and avoid non-payment errors that could lead to penalties.</p> <p>More information is available <a href="#">here</a>.</p>
<p><b>Unemployment Insurance (UI)</b></p>	<p>Congress has augmented state unemployment benefits with additional federal resources, including an extra \$600/week on top of otherwise applicable benefit and coverage of contractors and others who do not pay into UI. Federal funds are also extending the benefit period from 26 to 39 weeks. And the one week waiting period for benefits is waived.</p>	<p>Employees who are fired, furloughed, or laid off may apply through their state.</p>	<p>State offices have difficulty managing demand. Benefits are retroactive.</p>	<p>Because of the additional federal benefit, employees making under approx. \$55,000 will probably do as well or better on UI as they did on their paycheck.</p>

We stand ready to assist you. Please contact the Holland & Knight Healthcare & Life Sciences Policy team – [Lisa Hawke](#), [Rob Bradner](#), [Miranda Franco](#), and [Ethan Jorgensen-Earp](#) – with specific questions/opportunities.