



Let's Think Together.

# Federal Funding Considerations and Data Capture – Loss of Revenue, Increased Costs, and Other Matters

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# Topics of Discussion

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- Provide a brief overview of certain programs available to healthcare providers to assist in funding related to the COVID-19 pandemic.
- Review items for consideration in accounting for the expenditures related to the funding.
- Provide resources to assist in tracking expenditures related to COVID-19.

# Disclaimer

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- The information presented in the following presentation is as of April 22, 2020.
- The frequency and timing of revisions to these programs is occurring at an extremely rapid pace.
- In order to obtain the most up to date information on these programs:
  - Visit <https://draffin-tucker.com>
  - Visit the respective administering agency's website
  - Contact us

# Overview of Certain Available Programs

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Program	Agency
Public Health and Social Services Emergency Fund	HHS
COVID-19 Telehealth Program	FCC
Paycheck Protection Program	SBA
Economic Injury Disaster Loan	SBA
Main Street Lending Program	US Treasury/Federal Reserve
Capital Payments for Extraordinary Circumstances	CMS
Accelerated and Advance Medicare Payments	CMS
Public Assistance Program	FEMA

# Funding Programs

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## Public Health and Social Services Emergency Fund

“\$100,000,000,000, to remain available until expended, to prevent, prepare for, and respond to coronavirus, domestically or internationally, for necessary expenses to reimburse, through grants or other mechanisms, eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus: *Provided, That these funds may not be used to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse..*”

– *CARES Act*

# Funding Programs

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## COVID-19 Telehealth

“\$200,000,000, to remain available until expended, to prevent, prepare for, and respond to coronavirus, domestically or internationally, including to support efforts of health care providers to address coronavirus by providing telecommunications services, information services, and devices necessary to enable the provision of telehealth services during an emergency period..” – *CARES Act*

# Funding Programs

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## Paycheck Protection Program

“the amount authorized for commitments for general business loans authorized under section 7(a) of the Small Business Act (15 U.S.C. 636(a)), including loans made under paragraph (36) of such section, as added by subsection (a), shall be \$349,000,000,000” – *CARES Act*

## Economic Injury Disaster Loan

“During the covered period, in addition to small business concerns, private nonprofit organizations, and small agricultural cooperatives, an eligible entity shall be eligible for a loan made under section 7(b)(2) of the Small Business Act.....\$10,000,000,000 under the heading “Small Business Administration—Emergency EIDL Grants” shall be for carrying out section 1110 of this Act” – *CARES Act*

# Funding Programs

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## Main Street Lending Program

“\$454,000,000,000 and any amounts available...shall be available to make loans and loan guarantees to, and other investments in, programs or facilities established by the Board of Governors of the Federal Reserve System for the purpose of providing liquidity to the financial system that supports lending to eligible businesses, States, or municipalities...” – *CARES Act*

*Note: The Federal Reserve has made \$600 billion available for this program.*

# Funding Programs

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## Capital Payments for Extraordinary Circumstances

“A hospital may request an additional payment if the hospital incurs unanticipated capital expenditures in excess of \$5 million (net of proceeds from other payment sources such as insurance, litigation decisions and other State, local or Federal government funding programs) due to extraordinary circumstances beyond the hospital’s control.” – *CMS 42 CFR 412.348*

## Accelerated and Advance Medicare Payments

“During the emergency period described in section 1135(g)(1)(B), the Secretary shall expand the program.... Increase the amount of payment that would otherwise be made to hospitals under the program up to 100 percent (or, in the case of critical access hospitals, up to 125 percent).” – *CARES Act*

# Funding Programs

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## Public Assistance Program

“For an additional amount for “Disaster Relief Fund”, \$45,000,000,000, to remain available until expended” – *CARES Act*

*Note: This funding is in addition to the existing FEMA Disaster Relief Funds*

# Considerations for Funding

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- Certain programs have reporting and/or attestation requirements including but not limited to:
  - Public Health and Social Services Emergency Fund
    - Billed Medicare in 2019
    - Provides/provided care after 1/31/20 to individuals with possible or actual cases of COVID-19
    - Use of funds
    - Avoid certain practices
    - No duplication
    - Quarterly reporting
    - Records and cost documentation in accordance with federal requirements

# Considerations for Funding

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- Reporting and/or attestation requirements (continued):
  - Paycheck Protection Program
    - Use of funds
    - Staffing ratios
    - No duplication
  - Public Assistance Program
    - Project Worksheet
    - Use of funds
    - Quarterly reporting
    - No duplication
    - Records and cost documentation in accordance with federal requirements

# Considerations for Funding

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- Ensure that qualified expenses or loss of revenue are not considered for more than one program.
- Funding levels may activate the single audit requirements.
- Some programs have not yet disclosed the detailed reporting requirements or potential review/audit processes.
- Some programs, such as the Public Assistance Program under FEMA, are subject to stringent and rigorous audits around the usage of the funds provided.

# Considerations for Funding

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- Evaluate your needs.
- Consider which programs to access, what funds to utilize, and when.
- Review conditions of participation, requirements, or other guidance.
  - Assess reporting requirements.
  - Consider stipulations on pricing transparency, procurement, etc.
  - Stay up-to-date; guidance and requirements continue to be issued daily.
- Capture various types of data.

# Data Capture and Considerations

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- Loss of revenue
  - How to compute?
    - Based on total revenue vs. departmental revenue
    - Reduce for any payments received
      - Medicare, Medicaid, private insurance, patient payments
      - Other funding due to COVID-19
        - ◆ Donations
        - ◆ Grants

# Data Capture and Considerations

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- Identifying additional costs due to COVID-19
  - Compensation
    - Clinical and nonclinical
    - Overtime
    - Reassignment of staff to new areas
    - Staff augmentation
      - Contract staffing
  - Employee benefits
    - Employee assistance
    - Increased health claims
    - Disability

# Data Capture and Considerations

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- Identifying additional costs due to COVID-19 (cont.)
  - Supplies
    - Personal protective equipment (PPE)
    - Increased supply costs due to shortages
    - Increased shipping costs due to expediting
  - Capital costs
    - Renovating areas for patient care
    - Relocating existing staff
      - Renovations
      - Rent
    - Equipment rental

# Tracking Funds and Expenditures

- GHA has developed a tool to assist facilities in tracking costs.
- File can be found at:  
<https://www.gha.org/News/Novel-Coronavirus/Finance-Options-for-Hospitals>



## COVID-19 Financial Tracking Tool

Suggest establishing a separate cost center to account for COVID-19 expenses

### Capital Costs

Capital Costs (e.g. rental costs, use of non traditional spaces etc.)	\$	-
Extraordinary Costs of Equipment (beds, ventilators, etc.)	\$	-
Constructing/retrofitting areas to screen patients for COVID-19	\$	-
Constructing/retrofitting areas to treat patients for COVID-19	\$	-
Expanding telemedicine operations	\$	-
New technology/software	\$	-
Building out surge capacity (Acquiring beds/constructing temporary structures)	\$	-
<b>Total</b>	<b>\$</b>	<b>-</b>

### Supply/Usage Costs

Personal Protective Equipment	\$	-
Testing Supplies	\$	-
Alternative triage/care sites (e.g. tents, lighting, signage)	\$	-
Additional utility expense for temporary facilities	\$	-
Additional insurance cost	\$	-
<b>Total</b>	<b>\$</b>	<b>-</b>

### Staffing Costs

Overtime Costs	\$	-
Paid leave for quarantined or furloughed staff	\$	-
Contracted/Agency staffing	\$	-
Salaries/benefits for new hires	\$	-
Additional Administrative cost of planning, coordinating hospital response	\$	-
Additional security staffing for hospital and temporary facilities	\$	-
Child care services for necessary staff without alternate options	\$	-
Training - Staff, community, volunteers	\$	-
Housekeeping (e.g. extraordinary infection control, deep cleaning requirements etc.)	\$	-
Housing costs for quarantined staff or enable staff to work longer hours	\$	-
<b>Total</b>	<b>\$</b>	<b>-</b>

### Revenue Loss

Loss of Hospital Revenue from Decreased Utilization, Rescheduled Elective Surgeries	\$	-
Loss of Physician Revenue from Decreased Utilization, Rescheduled Elective Surgeries	\$	-
Revenue Loss from Claims that are not Submitted due to Staffing Shortages	\$	-
Revenue Loss from Denials that are Realized due to Staffing Shortages	\$	-
<b>Total</b>	<b>\$</b>	<b>-</b>

### Other Costs not included in above

Distributing 30-day prescriptions for acute conditions or replace maintenance prescriptions	\$	-
Hotel/housing costs for discharged patients who still require isolation	\$	-
Hotel/housing costs for discharged patients refused admission to nursing home	\$	-
Interest charged on loans or accelerated payments	\$	-
Extraordinary Costs related to Research	\$	-
Extraordinary Costs related to Technology, Remote Access etc.	\$	-
Extraordinary Costs related to Lab Tests etc.	\$	-
Other Costs	\$	-
<b>Total</b>	<b>\$</b>	<b>-</b>

In the box below, please list the costs listed in the **Other Costs** category:

# Tracking Funds and Expenditures

- The CDC has a tool on their website to assist in tracking funds.
  - File can be found at: <https://www.cdc.gov/cpr/readiness/healthcare/disasterbudget.htm>

CATASTROPHE/DISASTER PREPAREDNESS BUDGET											
	From Detailed Worksheets								From Cash Burn Worksheet		
				COST CENTER					(Cash Burn from Business Interruption of X Days)		
Expense Category	Administration	Inventories - Preparedness	Human Resources	Emergency Department	Facilities, Engineering & BioMed	Information Technology and Systems	Dept Three	TOTAL ALL DEPARTMENTS	10	30	90
Operating expenses:											
Salaries and wages	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 350,000			
Payroll taxes and benefits	\$ 76,500	\$ -	\$ -	\$ -	\$ -	\$ 14,000	\$ -	\$ 90,500			
Contract services	\$ 355,000	\$ -	\$ 2,500	\$ -	\$ -	\$ 125,000	\$ -	\$ 482,500			
Education and travel	\$ 15,000	\$ -	\$ 3,000	\$ -	\$ -	\$ 4,000	\$ -	\$ 22,000			
Space costs	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000			
Utilities	\$ 4,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,400			
Communications	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ 6,000			
Commodities and supplies	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000			
Insurance	\$ 350,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,000			
Leases and rentals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,000	\$ -	\$ 17,000			
Depreciation	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,000			
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
TOTAL IN OPERATING EXPENSES	\$ 1,123,900	\$ -	\$ 5,500	\$ -	\$ -	\$ 213,000	\$ -	\$ 1,342,400	\$ 8,547,945	\$ 25,643,836	\$ 76,931,507
Capital purchases	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000			
TOTAL CASH BUDGET	\$ 1,126,900	\$ -	\$ 5,500	\$ -	\$ -	\$ 213,000	\$ -	\$ 1,345,400	\$ 8,547,945	\$ 25,643,836	\$ 76,931,507
Sources of funds:											
General hospital revenues	\$ 1,123,900	\$ 350,000	\$ 5,500	\$ -	\$ -	\$ 213,000	\$ -	\$ 1,692,400	\$ -	\$ 5,095,891	\$ 43,383,562
Grants	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ -
Borrowing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,547,945	\$ 8,547,945	\$ 8,547,945
Insurance proceeds									\$ -	\$ 12,000,000	\$ 25,000,000
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL SOURCES OF FUNDS	\$ 1,126,900	\$ 350,000	\$ 5,500	\$ -	\$ -	\$ 213,000	\$ -	\$ 1,695,400	\$ 8,547,945	\$ 25,643,836	\$ 76,931,507

# Funding Example

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ABC Hospital has been significantly impacted by the COVID-19 pandemic and is seeking funding from numerous government programs to assist in covering losses. Below are key details about its situation:

- Loss of revenue - \$2,750,000
- Eligible payroll expenditures - \$3,150,000
- PPE expenditures - \$300,000
- Converted overhead area to COVID-19 patient care area - \$300,000
- Telehealth expenditures - \$150,000
- Utility expenditures - \$150,000
- Ventilator rent expenditures - \$50,000

# Funding Example

	Public Health Social Services Emergency Fund	Paycheck Protection Program (PPP)	COVID Telehealth Program	Public Assistance Program (PA)
Funding	1,000,000	3,000,000	100,000	1,000,000
Loss of revenue	(1,000,000)			
Payroll, PPP eligible		(2,850,000)		
Payroll, PA eligible				(300,000)
Supplies - PPE				(300,000)
Capital				
renovations for patient care space				(300,000)
telehealth			(100,000)	(50,000)
Utilities		(150,000)		
Rent				(50,000)
	-	-	-	-

# Questions?

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