



Conference Call Only

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Funding Options for Hospitals During the COVID Crisis

Thursday, April 2, 2020

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Agenda

- **Introduction** – Hayley Finch/Tish Hollingsworth
- **CARES Act** – Landon Fulmer
- **FEMA Public Assistance for the COVID 19 Pandemic** – Christina Flyntz, Public Assistance Officer, Kansas Division of Emergency Management
- **SBA Payroll Protection Program** – Steve Poage
- **Kansas Bankers Association** – Steve Poage
- **MISC. Items** – Tish Hollingsworth
- **Q & A** – Hayley Finch/Tish Hollingsworth

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CARES Act

- **Increases funding to the Public Health and Social Services Emergency Fund by \$127 billion**—\$100 billion of this is for COVID-19 related expenses or lost revenue, to be distributed rapidly at the discretion of the Secretary of HHS. No regs have been issued yet.
- **Allows small hospitals to access SBA 7a loans**—For-profit and 501(c)3 hospitals with fewer than 500 employees can apply. Government hospitals cannot participate.
- **Sequester delay**—Sequestration is eliminated from 5/1 to 12/31.
- **DRG 20% add-on**—During the emergency period, there will be a 20% DRG rate add-on for COVID-19 patients.
- **DSH cut delay**—\$8 billion DSH cuts for 2020 and 2021 are delayed.

CARES Act Continued

- **Expands options for accelerated Medicare payments**—Children's hospitals, cancer hospitals, and CAHs are now eligible for the program. Up to 100% or 125% for CAHs of what otherwise would have been received over a 6-month period can be requested.
- **New telehealth flexibilities**—RHCs and FQHCs may now receive Medicare reimbursement for telemedicine.
- **Expands post-acute care flexibilities**—The bill waives the IRF 3-hour rule, the LTHC site-neutral policy, and the LTCH 50% rule.
- **State Medicaid option to cover COVID-19**—allows non-expansion states to access expansion funding for COVID-19 patients.

FFCRA Expanded Leave

- **All hospitals can choose to exempt some or all employees from expanded leave**—Department of Labor regulations pursuant to FFCRA allow for hospitals to designate all or some employees as exempt.
- **Small for-profit and 501(c)3 hospitals can receive federal reimbursement for non-exempt employee leave**—Such hospitals with fewer than 500 employees *as of the time such leave is taken* can receive dollar for dollar refundable payroll tax credits.
- **Large hospitals and government hospitals cannot receive federal reimbursement through payroll tax credits.**
- **Hospitals eligible for SBA 7a loans under the CARES Act can use these funds to pay for expanded leave.**

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FEMA PUBLIC ASSISTANCE FOR THE COVID 19 PANDEMIC

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FEMA'S PUBLIC ASSISTANCE PROGRAM

- ★ PA is a “Reimbursement” Grant Program
- ★ For Public entities
- ★ Generally to repair infrastructure
- ★ Emergency Protective Measures
- ★ 75% cost share

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ELIGIBILITY:

The following types of organizations may be eligible for PA Category B funding:

- State government – departments, agencies, boards, commissions, authorities, universities
- Local government – counties, townships, township road districts, cities, villages, school districts, levee/drainage districts, community college districts, special districts
- Private non-profit organizations (PNP)– utility cooperatives, hospitals, schools, churches
- Native American tribes and tribal organizations

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PNP Document requirements:

- 1) FEMA PNP Facility Questionnaire
- 2) A copy of their Organization Charter or by-laws, and
- 3) Tax Exemption Certificate
- 4) An effective ruling letter from the US Internal Revenue Service granting tax exemption under Section 501(c), (d), or (e) of the Internal Revenue Code of 1954 (as amended), or state certification that the organization is a non-revenue producing non-profit entity organized or doing business under state law.

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Eligible Emergency Protective Measures:

§ Management, control and reduction of immediate threats to public health and safety:

- Emergency Operation Center costs
- Training specific to the declared event
- Disinfection of eligible public facilities

§ Emergency medical care:

- Non-deferrable medical treatment of infected persons in a shelter or temporary medical facility
- Related medical facility services and supplies
- Temporary medical facilities and/or enhanced medical/hospital capacity (for treatment when existing facilities are reasonably forecasted to become overloaded in the near term and cannot accommodate the patient load or to quarantine potentially infected persons)
- Use of specialized medical equipment
- Medical waste disposal
- Emergency medical transport

Eligible Emergency Protective Measures continued:

- § Medical sheltering (e.g. when existing facilities are reasonably forecasted to become overloaded in the near future and cannot accommodate needs)
 - All sheltering must be conducted in accordance with standards and/or guidance approved by HHS/CDC and must be implemented in a manner that incorporates social distancing measures
 - Non-congregate medical sheltering is subject to prior approval by FEMA and is limited to that which is reasonable and necessary to address the public health needs of the event, is pursuant to the direction of appropriate public health officials and does not extend beyond the duration of the Public Health Emergency
- § Purchase and distribution of food, water, ice, medicine, and other consumable supplies, to include personal protective equipment and hazardous material suits
- § Movement of supplies and persons
- § Security and law enforcement
- § Communications of general health and safety information to the public
- § Search and rescue to locate and recover members of the population requiring assistance
- § Reimbursement for state, tribe, territory and/or local government force account overtime costs

If you haven't been in touch with your local County Emergency Managers, I would highly recommend it

12 They are working directly with the Kansas Division of Emergency Management to acquire medical supplies. Go to your County's website and you should be able to get contact information there.

I would tell you to contact me if you have questions, but the reality is that we are all still absolutely in "Response" mode and as such, you should just continue to do what you do – which is to try to "flatten the curve." This is still an evolving situation and is therefore, our response is evolving too.

There is money and assistance available through lots of different sources right now and the FEMA PA program is just one of them. We are going to do everything in our power to assist you in this work but it will take some time. I will send updates to KHA as we get them, to keep you in the loop. In the meantime, please be careful. The rest of us are in your debt for the work you are doing to keep us all safe.

My contact information

christina.j.flyntz.nfg@mail.mil

785-646-2523

Please be patient..... ☺

Webinar Information

COVID FEMA Reimbursement Information – April 2

You have been invited to a webinar. All the information you need to join is below. **Please join the event 5-10 minutes prior to scheduled start time.** When dialing in using the below phone number, provide the confirmation code or event title.

Step 1: Web Login

<https://global.gotomeeting.com/join/322715205>

Step 2: Dial-In Information

Phone Number: 1 (312) 757-3121
Access Code: 322-715-205

Webinar Details

Date:
Thursday, April 2, 2020

Start Time:
1:00 p.m. CT

Duration:
60 minutes

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CARES Act: Payment Protection Program

- Department of the Treasury issued final guidance on the Payment Protection Program (PPP) that was part of the CARES Act.
 - *SBA 7(a) loan*
- Eligible hospitals are encouraged to work with their local bank to access these funds
 - List of the Kansas SBA Statewide Lenders on its website.

CARES Act: Payment Protection Program

- Uses:
 - Payroll
 - Mortgage payments
 - Rent, utilities
 - Other debt service
- Max rate of 4% with 10 year amortization
- No personal guarantee
- 6-12 month payment deferral
- A portion could be forgiven

CARES Act: Payment Protection Program

- Amount:
 - 2.5 times monthly payroll costs
- Includes:
 - Sick leave and FMLA
 - Health and retirement benefits
- Excludes:
 - Payroll for employees over \$100,000

CARES Act: Payment Protection Program

- Eligibility:
 - Small business with 500 or fewer employees
 - Excludes governmental hospitals (county, city, district)
 - Includes 501(c)3 hospitals
- Loan Forgiveness option – you will not owe money if...
 - Funds used for specific purposes
 - You maintain your staff and payroll

CARES Act: Payment Protection Program

- Loan Forgiveness...
 - Funds are only used for payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan and no more than 25% of the forgiven amount may be for non-payroll costs.
 - You maintain your staff and payroll
 - No decrease in full-time employee headcount.
 - Salaries and wages are not decreased by more than 25% for any employee that made less than \$100,000 annualized in 2019
 - Re-Hiring: You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

CARES Act: Payment Protection Program

Further information can be found at:

<https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>

Kansas Bankers Association: Other Cash Flow Options

- Options for governmental hospitals
 - COVID Relief #4??
 - Local/state banking financing
 - How much?
 - When?
 - Why?
- Email to sponge@kha-net.org

Miscellaneous

KDHE/Medicaid

- Advanced 3rd quarter Medicaid DSH payments to eligible hospitals (April 2)
- Distributed 1st and 2nd quarter Medicaid UCC Pool Payments to PPS hospitals (April 2)
- Discussions with Medicaid Director Adam Proffitt and KanCare MCOs (not yet approved)
 - Relax/reduce prior authorization requirements
 - Relax claims timelines for timely filing, claims appeals, etc.
 - Discontinue audits
 - Implement claims processing systems to quickly to pay claims for the expanded telehealth coverage
- Discussions with the Governor's Office and Medicaid Director to use some State funds to create "targeted" payments to hospitals

Miscellaneous

Medicare

- Accelerated Payment Program
 - Eligibility
 - All Medicare providers and suppliers can receive periodic interim payments
 - Qualifying criteria: Must have billed Medicare for claims within 180 days immediately prior to the date of signature on the request form; cannot be in bankruptcy; are not under active medical review or program integrity investigation, and do not have any outstanding delinquent Medicare overpayments.
 - Amount of Payment
 - Must request a specific amount to be paid using an "Accelerated or Advance Payment Request" form on the MAC's website (WPS J5 www.wpsgha.com)
 - Inpatient acute care hospitals, children's hospitals, and cancer hospitals can request up to 100% of historical Medicare payment amount for a 6-month period
 - CAHs can request up to 125% of historical Medicare payment amount for a 6-month period
 - Most other providers and suppliers can request up to 100% of their historical Medicare payment amount for a 3-month period

Miscellaneous

Medicare

- Accelerated Payment Program (continued)
 - Processing Time
 - MACs will work to review and issue payments with 7 calendar days of receiving the request.
 - Per call with WPS Vice President of Audit, WPS processed 108 requests on April 1 that will be paid on April 3 (50 requests for J5 and 58 for J8)
 - Repayment
 - Begins 120 days after the date of issuance of the payment
 - Inpatient acute care hospitals, CAHs, children's hospitals and cancer hospitals have up to 1 year from the date of the accelerated payment was made to repay the balance.
 - All other Part A and Part B suppliers will have 210 days from the date of the accelerated or advance payment was made to repay the balance.

Miscellaneous

Medicare

- Accelerated Payment Program (continued)
 - Recoupment and Reconciliation
 - Providers and suppliers can continue to submit claims as usual after the issuance of the accelerated or advance payment and receive full payment during the 120-day delay period.
 - At the end of the 120-day period, the recoupment process will begin and every claim submitted by the provider/supplier will be used to repay the accelerated/advance payment (i.e., the outstanding accelerated/advance payment balance will be reduced by the claim payment amount)
 - MACs will perform a manual review on acute care hospitals, CAHs, children's hospitals and cancer hospitals one year after the accelerated payment issuance to determine if there is a balance remaining.
 - MACs will perform a manual review on other Part A providers and Part B suppliers will have up to 210 days for the reconciliation process to begin.
 - Interest will be assessed on the unpaid balance.

Miscellaneous

Medicare (Other)

- Delayed Due Date for Cost Report Filings (Notice on WPS website)
 - Blanket extension, do not have to send WPS a request
 - FYE December 31, 2019 is now July 31, 2020
 - FYE October 31, 2019 (previously due March 31, 2020) now due June 30, 2020
 - FYE November 30, 2019 (previously due April 30, 2020) now due June 30, 2020
- FY 2021 Wage Index Appeal Deadline
 - Deadline is April 2
 - CMS will not require hospitals to submit hard copies of their appeal request. Only need to submit an electronic copy
- Expansion of Telehealth
 - WPS Webinar on April 9
- Suspension of 2% Sequestration from May 1 through December 31, 2020
 - For Kansas, an additional \$30 million in Medicare payments to hospitals

Miscellaneous

Other Funding Options

- **Assistant Secretary for Preparedness and Response Grant**
(Department within HHS)
 - \$100 million for COVID preparedness and response, which includes \$50 million to state hospital associations (SHAs)
 - KHA is submitting a grant application, which is due on Friday, April 3
 - Goal is to distribute funds to SHAs around April 10
 - SHA distributes funds to hospitals within 30 days of the award
 - Funds can be used for training, PPE, supplies, equipment, but not staffing
 - Additional information coming
- **Small Hospital Improvement Program (SHIP)**
 - Stay tuned.....

Miscellaneous

- KHA letter to major health plans in Kansas
 - Requesting suspension and waiver of administrative requirements such as prior authorization, audit activities, appeal timelines, etc.
 - No out-of-network penalties
 - Expand telehealth to mirror Medicare
 - Provide relief across all product lines (commercial, Medicare Advantage, etc.)
- Tracking expenses related to COVID
 - Discuss with your Accounting Firm/Medicare Cost Report Preparer
- Weekly calls with CMS Region 7 Office and State Hospital Associations (Iowa, Missouri, Kansas and Nebraska)
- Periodic calls with KanCare MCOs

Q&A Session