This document provides an overview of both the direct funding opportunities available to hospitals and health systems through the recently enacted CARES Act, as well as other federal resources to assist hospitals needing immediate financial resources. This includes fiscal relief made automatically available to hospitals and health systems through the CARES Act. Please see OAHHS’s dedicated COVID-19 webpage for the latest information.

**FEDERAL FUNDING OPPORTUNITIES FOR ALL U.S. HOSPITALS**

Hospitals must apply for the funding opportunities listed.

Public Health and Social Services Emergency Fund (PHSSEF)

- **Description:** $100 billion in total funds available to all U.S. hospitals, health systems, and other providers. Hospitals may apply for PHSSEF funding to “prevent, prepare for, and respond to coronavirus.” Providers will be reimbursed through grants and other payment mechanisms under timelines not yet determined by PHSSEF. (Established in the CARES Act, enacted March 27, 2020.)

- **Eligible providers:** Public entities, Medicare- or Medicaid- enrolled suppliers and providers, and other non-profit and for-profit entities specified by the Secretary of the Department of Health and Human Services (HHS).
  - Eligible expenses:
    - Healthcare-related expenses or lost revenues not otherwise reimbursed and directly attributable to COVID-19.
    - Examples include forgone revenue from cancelled procedures; building or construction of structures (including retrofitting); medical supplies and equipment, personal protective equipment (PPE); testing; and increased staffing or training.
    - PHSSEF funds may not be used for expenses or losses that have been reimbursed from other sources, or that other sources are obligated to reimburse. Even if qualified expenses are eligible for reimbursement from another mechanism, an entity may still apply for funding from the PHSSEF fund while simultaneously applying for funding from other sources. However, should the entity subsequently receive reimbursement for expenses from any other source after receiving funding for the same expenses from the PHSSEF fund, the entity will be required to repay the funding it received from the PHSSEF funding.

- **Application process:** OAHHS will share detailed application information as soon as it is provided by HHS. (CMS Administrator Verma said on a call on March 31 that the guidance would be released “soon.”) The bill instructs the Secretary of HHS to release guidance on the application process and required documentation.
  - The bill instructs the Secretary to establish a reconciliation process under which payments must be returned to the fund if other sources provide reimbursement.
  - Providers will be required to submit reports and maintain documents (as determined by the Secretary).
  - Providers must have a valid tax identification number and will need to submit an application that includes a statement justifying the provider’s need for the payment.
Applications will be reviewed on a rolling basis.

- **Payment process:** The bill directs payments to be made on a rolling basis using the most efficient payment systems practicable to provide emergency payment, as determined by the Secretary of HHS. Payments may include pre-payment, prospective payment, and retrospective payment. This is a new program within HHS.

- **OAHHS recommendation:** Hospitals are urged to maintain documentation of COVID-19 related expenses. For example, hospitals should consider:
  - Estimates of lost revenue due to cessation of elective or non-urgent procedures and patients choosing not to access medical services.
  - Creating a specific pay code for employees, identifying hours spent to support the command center, COVID screening, and additional COVID-19-related shifts;
  - Using Google sheets to track high-risk or back-ordered supplies;
  - Tracking overtime for permanent employees associated with COVID-19;
  - Tracking both regular and overtime hours spent associated with COVID-19 for unbudgeted employees;
  - Tracking management costs and keeping detailed timesheets of employees performing grant management and other duties related to COVID-19; and
  - Tracking any donated resources from volunteer organizations, which may be used to offset the non-federal share for your hospital or health system.

  - **NOTE:** The National Uniform Billing Committee (NUBC) approved the use of the “DR” (disaster related) condition code for services related to the COVID crisis, including services where the patient ultimately tests negative. When documented along with appropriate clinical codes and appropriate date of service – as far back as Jan 27 when the HHS Secretary declared a public health emergency – claims with the DR condition code can be accurately identified as COVID surge-related.

**Accelerated Medicare Payments**

- **Description:** Under an expanded option through the Medicare Hospital Accelerated Payment Program, eligible providers are able to request accelerated payments for inpatient services that cover a time period of up to six months. (Established in the CARES Act, enacted March 27, 2020.)

- **Eligibility:**
  - Acute-care hospitals, critical access hospitals (CAHs), children’s hospitals and prospective payment system exempt cancer hospitals.
  - It is OAHHS’ interpretation that outpatient services are eligible for inclusion in each hospital’s application.

- **Payment details:**
  - Up to 100% (up to 125% for Critical Access Hospitals) of what the hospital would otherwise have expected to receive.
  - Medicare will work with hospitals to estimate upcoming payments and provide funds in advance. Hospitals may request a lump sum payment or periodic payments.

- **Repayment:** Hospitals will have up to 120 days before claims offset begins to recoup the accelerated payment. Hospitals will have up to 12 months from the date of the first accelerated payment before any outstanding balance must be paid in full to reconcile accelerated payment received and actual services delivered.

- **Application Information:**
  - Hospitals should request a specific amount when using an Accelerated or Advance Payment Request form available on each Medicare Administrative Contractor’s (MAC) website.
  - The National Government Services application is [here](#).
Each MAC will review and issue payments within seven calendar days of receiving the request. A CMS Fact Sheet (released March 28, 2020) is available here.

Small Business Administration’s (SBA) Paycheck Protection Program

- **Description:**
  - Loan opportunities up to $10 million are available through the Small Business Administration’s (SBA) Paycheck Protection Program to hospitals with fewer than 500 employees. It is estimated that approximately 10 Oregon hospitals may be eligible for the program.
  - Loans may be used to pay salaries, leave and health benefits, rent, and/or retirement obligations.
  - Loans may be awarded for up to 250% of average monthly payroll costs to cover eight weeks of payroll, and also help with other expenses (e.g., rent and utilities).
  - (Established in the CARES Act, enacted March 27, 2020.)

- **Eligibility:**
  - Small businesses and 501(c)(3) non-profit organizations, including hospitals, health systems and healthcare providers with fewer than 500 employees (full-time and part-time).
  - Affiliation rules apply and are intended to determine, using the “totality of circumstances,” whether an organization is operating as part of a larger organization and therefore not considered a small business.
  - The American Hospital Association determined that district hospitals (e.g. “government-owned”) that are also 501(c)(3) are eligible for this program.

- **Application information:**
  - Program opened on April 3, 2020; application and more information is available on SBA’s website here.
  - Eligible applicants may apply to an SBA-approved lender.
  - Loans are available through June 30.
  - Hospitals must demonstrate they were harmed by COVID-19 between February 15 and June 30, 2020.

- **Other:**
  - Loans may be forgiven based on maintaining employee and salary levels.
  - Terms for any portion of the loan that is not forgiven, including a maximum term of ten years, and a maximum interest rate of 4%.

Other Business Loans Through the Federal Reserve

- **Description:**
  - The CARES Act appropriates $454 billion in business loans using the Federal Reserve’s emergency lending programs for businesses, states and municipalities. The bill encourages the Department of Treasury (Treasury) to establish a lending program specifically targeting organizations with between 500 and 10,000 employees. However, the legislation does not specify which sectors will be target or what portion of the funds will be available to specific types of businesses.
  - As of April 3, 2020, the Treasury has not yet announced details about how the program will be implemented.
  - The bill encourages Treasury to seek implementation of a program for mid-sized businesses, specifically defined as “businesses, including, to the extent practicable, nonprofit organizations, with between 500 and 10,000 employees.”
Eligibility:
- Businesses (including nonprofits), states and municipalities, subject to certain conditions.

Other:
- The CARES Act specifies that loans to mid-sized businesses will carry an interest rate no higher than 2% annually, and that no principal or interest will be due within the first six months.

AUTOMATIC FEDERAL FISCAL RELIEF
The following fiscal relief is automatically available to hospitals and health systems and does not require applications. Hospital may need to modify their documentation to ensure payment.

Medicare Hospital Inpatient Prospective Payment System Add-On Payment for COVID-19 Patients during Emergency Period
- **Description**: The weighting factor for discharges of Medicare fee-for-service patients with a COVID-19 diagnosis during the COVID-19 emergency period will increase by a factor of 20. (Established in the CARES Act, enacted March 27, 2020)
- **Eligible providers**:
  - Inpatient Prospective Payment System (IPPS) hospitals.
  - Critical Access Hospitals (CAHs) are not eligible for this add-on payment.
- **Other**:
  - Hospitals must identify COVID-19 discharges by using appropriate diagnosis or condition codes.
  - This payment adjustment does not consider budget neutrality requirements.
  - The add-on payment will be available for duration of the COVID-19 emergency period.

Adjustment of Sequestration
- **Description**: Medicare sequestration reduction will be suspended during the period of May 1 through December 31, 2020. (Established in the CARES Act, enacted March 27, 2020)
- **Eligibility**: All Medicare-enrolled providers currently accepting Medicare payments.
- **Other**: The Medicare sequestration required in Section 251A(6) of the Balanced Budget and Emergency Deficit Control Act (BBEDCA) of 1985, and then passed as part of the Budget Control Act of 2011 (BCA), will be extended from fiscal year 2029 to fiscal year 2030.

Delay of Payment of Employer Payroll Taxes
- **Description**: Allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government with respect to their employees. (Established in the CARES Act, enacted March 27, 2020)
  - Employers generally pay a 6.2% FICA tax on wages below $137,700 (2020).
  - Employers can defer the tax from April through December 2020 (approximately 9 months).
- **Eligible providers**: All employers and self-employed individuals, including hospitals and other health care providers, regardless of type (e.g., for-profit, nonprofit, public/governmental).
- **Eligible expenses**: There is no requirement on employers related to the use of money saved through delayed payroll tax payments.
- **Repayment**: Deferred employment tax must be paid over the following two years. Half of the amount required must be paid by December 31, 2021 and the other half must be paid by December 31, 2022.
**Medicaid DSH Cut Reduction and Delay**

**Description:** Eliminates the $4 billion in Medicaid DSH cuts in FY 2020 and reduces the cut for FY 2021 to $4 billion from $8 billion. Implementation of the FY 2021 cuts are delayed until Dec. 1, 2020. Oregon is classified as a “low DSH state” meaning the allotment is less than 1% of the entire national DSH amount; therefore the impact to Oregon of the reduction and delay will be minimal.

**Eligibility:** All DSH-eligible hospitals.

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**State Hospital Association Grants to Hospitals**

- **Description:** The US Department of Health and Human Services (HHS) Secretary for Preparedness Response is authorized to distribute $50 million in grants to State Hospital Associations with the direction that they distribute the funds within 30 days to local hospitals. (Authorized in the Coronavirus Preparedness Supplemental Appropriations Act) The total portion allotted to OAHHS is $635,000.

- **Eligible providers:** All 62 Oregon hospitals. The amount received by each hospital will be based on a formula that takes into account the hospital’s number of beds.

- **Eligible expenses:** Healthcare-related expenses or lost revenues not otherwise reimbursed and directly attributable to COVID-19.

- **Application:** OAHHS applied for the funds; hospitals do not need to apply.

- **Payment:** OAHHS anticipates receiving the funds in late April; OAHHS will work to quickly distribute the funds to hospitals by early May.

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**Sources:**

- [https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf](https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf)
- [https://invariant.app.box.com/s/wcsxa8ltjqn0p0n1xn8i1yqhyqyn17](https://invariant.app.box.com/s/wcsxa8ltjqn0p0n1xn8i1yqhyqyn17)