



OREGON'S SENATOR JEFF MERKLEY

FAQ: HOSPITALS AND HEALTH SYSTEMS

Frequently asked questions about the third coronavirus relief bill

What financial assistance is available for hospitals, health systems and health care providers in the bill?

One of the primary ways the bill supports our health system is a \$100 billion fund, run through the Public Health and Social Services Emergency Fund (PHSSEF), to cover non-reimbursable expenses attributable to Covid-19. In April, Congress passed another relief bill that includes an additional \$75 billion for hospitals and other providers. All health care entities that provide health care, diagnoses or testing are eligible for funding. Additional funding mechanisms, such as Medicare payment boosts, support for community health centers and additional appropriated funding, are discussed in more detail below.

What is the process and criteria for hospitals, health systems and health care providers to receive the PHSSEF funding?

The now \$175 billion PHSSEF fund is designed to be immediately responsive to needs. HHS is instructed to review applications and make payments on a rolling basis, in order to get money into the health system as quickly as possible. This is in contrast to a more traditional competitive grant process, under which HHS would solicit applications by a certain deadline and review all applications together—a process that would take considerably more time. HHS will instead release the funds to health care entities on a rolling basis as qualified applications are received. As such, HHS is given significant flexibility in determining how the funds are allocated, as opposed to operating under a mandated formula or process for awarding the funds. This is to ensure that the funding is nimble enough to meet all needs and that the fund disperses money fast enough to help struggling entities. The Secretary is expected to release guidance on the application process shortly, and Congress will continue to work with the Administration to ensure that the funding and application process works as intended.

What expenses qualify for funding?

All non-reimbursable expenses attributable to Covid-19 qualify for funding. Examples include building or retrofitting new ICUs, increased staffing or training, personal protective equipment, the building of temporary structures and more. Forgone revenue from cancelled procedures, which has put significant strain on the health care system, is also a qualified expense. It is important to note that this fund can only be used for non-reimbursable expenses. Any expenses reimbursed or obligated to be reimbursed by insurance or other mechanisms are not eligible. The

bill instructs the Secretary to establish a reconciliation process under which payments will have to be returned to the fund if other sources provide reimbursement for expenses.

Can health care entities access funds under the PHSSEF if they are also eligible for funding from another government program?

Yes. The language states that the 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 re-pay the funding it received from the PHSSEF fund. This same principal also applies to the new SBA 7(a) loans Paycheck Protection Program forgivable loans, the SBA's Economic Injury Disaster Loan (EIDL) Program, and the new EIDL Emergency Grant Program.

What is the process for hospitals, health systems and health care providers to apply for and receive funding under the 7(a) SBA Paycheck Protection Program?

Small businesses and 501(c)(3) non-profit organizations, including hospitals, health systems, and health care providers, are eligible to apply for the Small Business Administration's Paycheck Protection Program. Through this program, a small business or organization can apply to an SBA-approved lender for a loan of up to 250% of your average monthly payroll costs to cover eight weeks of payroll as well as help with other expenses like rent, mortgage payments, and utilities. This loan can be forgiven based on maintaining employee and salary levels. For any portion of the loan that is not forgiven, the terms include a maximum term of 10 years, and a maximum interest rate of 4 percent. Small businesses and organizations will be able to apply if they were harmed by Covid-19 between February 15, 2020 and June 30, 2020. To be eligible, small businesses and 501(c)(3) non-profit organizations must have fewer than 500 employees (or otherwise meet SBA's size standards for non-profits). This program is retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls. Loans are available through June 30, 2020.

What support is included for community health centers?

The *Coronavirus Aid, Relief, and Economic Security Act* provides \$1.32 billion in supplemental funding for community health centers (CHCs), which are on the front lines in addressing Covid-19 in underserved communities across the country. This funding is in addition to the \$100 million distributed by the Health Resources and Services Administration (HRSA) to CHCs on March 24. Community Health Centers can also access the PHSEFF fund.