

An Insider's Guide to COVID-19 Assistance for Healthcare Organizations

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Hospitals and healthcare organizations have been doing incredible work saving lives and protecting the public during the COVID-19 pandemic. The federal government recognizes this effort and has established an unprecedented level of funding for Emergency Protective Measures (EPM) to help offset the cost of frontline response. Many hospitals are taking advantage of dedicated programs such as the Department of Health and Human Services (HHS) Provider Relief Fund (PRF), but few are tapping into additional available funding streams.

This is not surprising since navigating multiple funding streams may be complex. Most hospitals and healthcare organizations lack the experience and resources to identify available funding, match needs to the best sources and develop and submit funding applications. The need to stay abreast of new and updated program policies and guidance amplifies the drain on resources.

Another obstacle to maximizing access to allowable EPM funding is a long-held but misguided idea that the FEMA Public Assistance (PA) program is a funding source of last resort for healthcare providers. The fact is that the FEMA PA program has substantial provisions for reimbursing healthcare organizations for COVID-19-related expenses and you should pursue FEMA funding for all eligible EPM expenses. This is supported by the updated COVID-19 guidance released by FEMA on September 1, 2020, that stated, "PA funding should not be considered funding of last resort. It is advisable that PA funding is considered concurrently with other federal agency programs and sources."

Since the FEMA application process may be foreign and confusing to many healthcare applicants, the PA program overview below outlines considerations for maximizing FEMA assistance for COVID-19-related EPM, along with simplified guidance on expense reimbursement eligibility and recent program updates through a streamlined application process.

Maximizing federal funding begins by analyzing and prioritizing your needs. The next step is to optimize funding by matching your needs to the best fit sources given multiple sources can often reimburse the same cost, but various funding sources have different parameters. For example, the HHS PRF has a dollar limit while the FEMA PA fund offers uncapped funding, however it carries with it a 25% non-federal cost share. The third and most critical step is to develop and submit well-documented and appropriately packaged grant applications. A few simple rules guide the application process:

- The more you understand and adhere to the required application information, the less re-work will be necessary and the shorter your time to receive funding.
- Think creatively and demonstrate both the need and the cost rationale for every funding item you submit.
- Document, document, document.

FEMA reimbursement policy updates went into effect September 15, 2020. Fortunately, for hospitals and medical services, the changes were more impactful to non-critical services and therefore have little to no impact to the hospital sector. Below are some of the key expense eligibility considerations.

Business-Related and Operating Expenses: indirect financial or bottom-line costs of doing business are not eligible for FEMA PA funding. This includes loss of fee income from cancelled services, cost of emergency financial assistance, managing liquidity and debt servicing, and increased operating costs. There are limited exceptions for additional costs related to standing up a temporary facility because of a surge in demand for COVID-19 care. To be eligible for reimbursement, costs incurred must "fit" under the concept of EPM for FEMA assistance. This means first-order, emergency, or essential services related to the emergency and actions taken to lessen the threat.

Hospitals can look to additional CARES Act funding for HHS, SBA, HUD, DOA among others that may be utilized to pay for business-related costs.

Staff Time and Administrative Costs: as a rule, only overtime for staff responding to the emergency is eligible. FEMA's eligibility determination is based upon what is outlined in the applicant's pre-disaster labor policies, so it is critical to show those policies in your documentation. FEMA will pay for straight time if a hospital is contracting or has hired temporary employees for emergency work. Furthermore, if an employee is being funded from an external source and is reassigned to perform eligible work that is not covered through the grant source, their straight time and overtime would be eligible. Pre-positioned resources, even those that are not used, may be eligible, and it is important to explain the circumstances that necessitated the pre-positioning. It is worth noting that FEMA may consider new policies for hazard pay and overtime that did not exist prior to the pandemic, so long as you plan to change your HR policy to adopt those policies and apply them uniformly in future.

Volunteer Hours and Donated Resources: the cost of donated labor, materials and equipment can be used to offset up to the full non-federal cost share amount, equal to 25 percent of the grant. For donated labor, list all the people who worked and what they did to include establishing a labor rate schedule and make the appropriate calculations to determine the total cost for the labor. For supplies and materials, maintain a list of the cost of donated items as it will help to account for the offset.

Consumable Personal Protection Equipment: PPE items and supplies and materials are eligible if they are necessary to provide emergency services, whether they are purchased new or taken from your stock. Restocking supplies and commodities can also be eligible, however, based on a new policy update they are limited to a 60 -day supply. When claims are submitted, FEMA will provide funding based on invoices presented. In the absence of invoices, FEMA will consider your established method of pricing, such as local or historical costs.

EPM Equipment: durable medical equipment purchased or leased must be used for first order or directly connected to EPM taken during the response. It will be important to demonstrate the justification for purchase versus renting or leasing. Purchased equipment must arrive in time to address the immediate EPM need. Carefully document the specific need of the equipment served in any incident as FEMA will adjust down the cost of unused or lightly used equipment based on its salvage or residual value, so it is important to document the equipment's full use to minimize funding takeback.

Public Information: costs to stand up or operate a COVID-19-specific emergency operations center and to inform the public of its availability is reimbursable. Costs for supporting telework may also be eligible if the related staff/personnel are performing actions in direct response to the emergency.

Transportation: normal transportation costs during disasters such as transport and pre-positioning of equipment, buses or ambulances to respond to an event, or pandemic-specific costs to move people from the hospital to a temporary care site, are eligible. Costs for cleaning and sanitizing those vehicles that are beyond what is incurred in daily operations may also be eligible when properly documented.

Social Distancing and Quarantine Enforcement: costs directly associated with quarantining, such as cleaning and disinfecting facilities and equipment, along with additional services associated to mandated shelter-in-place orders and implementing social distancing, may be eligible.

Alternate Care Sites (ACS) - "Warm Sites": anticipating a resurgence in COVID-19 cases in the fall, FEMA regions will work with the state, territory, or tribe acting as the Recipient to identify ACS warm sites based on SLTT projections of need as supported by predictive modeling or other supporting information and in accordance with federal, state, and/or local public health guidance. Costs to establish and operate warm sites are eligible for FEMA reimbursement based on a pre-agreement that the site is necessary. All claimed costs must be necessary and reasonable to effectively respond to the COVID-19 Public Health Emergency.

Contact Tracing: As stated in the update policy guidance, FEMA will not provide reimbursement for contact tracing activity through the PA program.

Procurement: non-state applicants must adhere to their own documented procurement procedures. FEMA most normally requests full and open competition, but in emergency situations such as this competitive bidding is not always feasible. Hospitals that exercise existing fixed prices, cost reimbursement and time and material contracts to manage emergency response can be reimbursed for those costs. The contracts must have a price ceiling that the contractor cannot exceed, and the applicant must provide a high degree of oversight to assure cost reasonableness and avoid cost escalation.

The [FEMA Fact Sheet - Disaster Financial Management Guide and COVID-19 Response](#) issued on April 14, 2020, recommends that non-state entities continuously document its COVID-19 response actions and processes and when applicable increase or adjust legal authorities.¹

Information outlined within this Fact Sheet are further explained in FEMA's April 2020, publication for [Disaster Financial Management Guidance for State, Local, Tribal & Territorial Partners](#). This guide presents critical principles for disaster financial management and highlights the importance for proper organization and extensive documentation of all expenses and procurement processes during response and recovery phases of the declared event.

Healthcare organizations and hospitals are the first lines of offense and defense in the battle to combat the impact and spread of COVID-19. Organizations that need additional critical resources to effectively enact EPMS should secure them quickly and find the best funding source to pay for them. FEMA PA funding can be a meaningful source of financial assistance and should be considered concurrently with other federal programs. Providers should also revisit funding actions that have been submitted through other CARES Act programs to determine if FEMA PA is a better source. One caution is to avoid duplication of benefits – do not submit the same expenses to two different federal agencies. Do determine which funding source is the best fit.

Ultimately, there are multiple funding streams that can be used to reimburse items related to COVID-19 response. If there is a pressing measure that is related to protecting life and safety of residents, do not wait for FEMA approval to enact it.

Do not delay on securing funding for critical items. Act now and seek professional assistance if you need it. FEMA has specific set-asides for grants administration that can be applied to in-house staff costs or for hiring consultants. Other CARES Act funds have the same provisions. There is no shame in getting expert help and doing so will help streamline the application process and accelerate the time to fund disbursement.



About Bill Roche

As is with every disaster recovery expert at Witt O'Brien's, Bill has deep rooted experience as an emergency manager, leading programs and projects alike in various disaster planning, response and recovery operations. He draws on his experience working with FEMA and the Department of Homeland Security when facing a disaster.

Bill has held key executive leadership roles, focusing on change management, team building, budgetary preparation and reporting, strategic management planning, and the implementation of federal grants on disaster response and recovery operations. Experienced in both the public and private sector, Bill is an integral part of Witt O'Brien's growth and strategy.

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