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## Some hospitals pursue coronavirus assistance through FEMA — the 'payer of last resort'

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By Rich Daly, HFMA senior writer and editor

- Hospitals are seeking coronavirus assistance from FEMA.
- FEMA may provide large grants for some costs related to personnel, personal protective equipment, durable medical equipment and emergency infrastructure.
- FEMA funding recipients need to follow key steps to avoid problems.

Amid historic new funding for hospitals from Congress, some hospitals are seeking federal assistance from a more traditional source.

The Federal Emergency Management Agency (FEMA) has been placed in charge of both distributing hospital funding for COVID-19 patients who are uninsured and providing emergency assistance to hospitals.

Brad Gair, senior managing director for Witt O'Brien's, said many hospitals have pursued the FEMA funding even as Congress approved \$175 billion in provider assistance related to the pandemic. One of those laws, the Coronavirus Aid, Relief and Economic Security (CARES) Act, provided \$45 billion for FEMA's "entire suite of response and recovery activities and reimbursements provided to states and localities nationwide."

Edward-Elmhurst Healthcare, a two-hospital health system in suburban Chicago, operates in an area hard-hit by COVID-19 and is seeking FEMA disaster assistance.

"FEMA is the payer of last resort, and FEMA only pays you 75 cents on the dollar, so you don't want to run to FEMA first, anyway," said Denise Chamberlain, CPA, the CFO of Edward-Elmhurst. "If you can get it in full somewhere else, you want to go there first."

One differentiator among the primary COVID-19 funding alternatives is that CARES Act funding can be used to replace lost revenue, while FEMA funding can go only to covering increased expenses. The CARES Act also bars any provider from seeking multiple funding sources to cover the same lost revenue or increased expenses from COVID-19.

### FEMA funding differentiators

Total funding available through FEMA is larger than the CARES Act allocation, Gair said, because the agency technically has authority to spend as much as necessary to meet qualifying needs.

A limitation on FEMA funding is the condition that states or local governments provide up to 25% of the total requested. Some governors have been pushing the Trump administration to waive or sharply reduce that requirement.

FEMA has provided [guidance \(https://www.fema.gov/media-library/assets/documents/111781\)](https://www.fema.gov/media-library/assets/documents/111781) on what is eligible for funding. Details on the [FEMA application process](https://www.aha.org/system/files/media/file/2020/03/fema-public-assistance-application-information-3-25-2020.pdf)  (<https://www.aha.org/system/files/media/file/2020/03/fema-public-assistance-application-information-3-25-2020.pdf>) were posted by the American Hospital Association.

Other FEMA funding challenges for hospitals may include:

- Payments are limited to costs directly related to the COVID-19 response.
- Personnel costs are limited to overtime, and only for employees who are eligible for overtime.

The FEMA funding that hospitals can receive based on eligible expenses is potentially comparable to CARES Act funding, Gair said. Eligible expenses include:

- Employee overtime pay
- Construction of temporary medical facilities
- Personal protective equipment (PPE)
- Durable medical equipment
- Advice from FEMA funding consultants

“For big hospitals, this could be very, very big dollars,” Gair said.

FEMA funding for Coronavirus expenses has been pursued by multiple hospitals in Pennsylvania, where hospitals have generally begun applying for each federal funding option as they became available, said Jolene Calla, Vice President, Health Care Finance and Insurance for the Hospital and Healthsystem Association of Pennsylvania.

She has warned hospitals that FEMA operates on a longer timeframe than the CARES Act funding. And as a result, none have yet received the FEMA Coronavirus funding they have sought.

However, the longer payment timeframe also is a function of some hospitals choosing to not complete the application process amid uncertainty that other federal funding options for those same expenses may yet emerge. For instance, some members of Congress have proposed additional federal grant funding for hospitals.

Although many hospitals are pursuing FEMA funding, Gair said, fewer finance leaders are aware that nonhospital facilities also are eligible for the funding, including any not-for-profit or public long-term care facilities, clinics and other types.

## What to know if you take FEMA cash

Hospitals that succeed in garnering FEMA grants need to ensure they carefully document their expenses, in case of future audits, Gair said.

That would extend to documenting employees' non-overtime hours to show they were eligible for overtime pay.

When purchasing specialized medical equipment — regardless of whether it is used extensively during the pandemic — or ordering PPE, “You have to have some rationale on file that said, ‘We bought this much because of X,’” Gair said.

FEMA also examines whether the funding was used for unusual procurements. Avoiding adverse determinations means continuing to follow your already-established procurement procedures, Gair said.

Hospitals face another challenge in the requirement that state or local governments first register a hospital with FEMA before the hospital can begin submitting claim information.

“The cities, counties and states are so overloaded that sometimes hospitals are experiencing delays in even getting registered just because there is a step they can't control,” Gair said.

No time limit has yet been established by the Trump administration to apply for COVID-19 funding through FEMA, but interested providers should act before any such restriction is implemented, he said.

### About the Author

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