

MAXIMIZING FEDERAL ASSISTANCE

Hospital and Healthcare Services Specific Q&A

Brad Gair, Senior Managing Director, Witt O'Brien's

Witt O'Brien's senior expert on emergency response to healthcare crises is available to provide insight and guidance on Covid-19 response and navigating funding from the Federal Emergency Management Agency (FEMA). Brad has more than 25 years of US and international emergency management and homeland security experience and is recognized globally for his leadership during scores of disasters, emergencies and special events, including the 9/11 terrorist attacks in New York City and Hurricane Katrina.

He has twice served the City of New York, first as Deputy Commissioner of NYC Office of Emergency Management and then after Superstorm Sandy, as founding Director of the Mayor's Office of Housing Recovery Operations and NYC Recovery Manager. Brad also served as NYU Langone Health's first Vice President for Emergency Management and Enterprise Resilience and was responsible for the successful negotiation of the largest FEMA PA grant ever awarded for a single healthcare facility, totaling \$1.1 billion for funds related to Hurricane Sandy.

FEMA requires that Project Worksheets include estimated costs. Will hospitals be tied to that number when we provide documentation for expenses?

Estimates are important for requesting funding, but FEMA pays actual eligible costs, so if the estimate is low it can be adjusted and high is only an issue if you have already drawn down more funds than are needed.

Under the emergency protective measures (EPM) falls the dire need for temporary facilities and operating costs incurred for such facilities. What's defined as a temporary facility?

The term temporary facility refers to a facility that's utilized on a temporary basis – meaning it does not simply have to be a temporary structure. The eligibility is based upon its use for a surge in need and, more importantly, for an immediate threat to lives. Temporary facilities should still be suitable for their intended purpose, built to local code and can be re-purposed for permanent use after the emergency period. Note, if EPM is in the form of purchased modular units (rather than leased), there could be a salvage/residual value applied when filing for reimbursement.

Along the same lines as the previous question, will costs to remodel a portion of the hospital to accommodate COVID-19 patients be considered eligible?

Yes, the cost to retrofit existing spaces to serve as emergency care facilities for COVID-19 patients would be considered eligible for reimbursement. Likewise, the cost to transition the facility back to its pre-event purpose/function would also be considered eligible.

Do the costs associated with drive thru COVID tests qualify as a temporary facility since it's deemed essential?

Many of the costs associated with drive-thru COVID-19 testing facilities would be considered eligible. These protective measures help identify potential COVID-19 vectors and thus play a key role in mitigating community transmission. The costs of the equipment, test swabs, test processing and staff time that is considered eligible overtime, temporary hires or contract labor would be reimbursable.

May hospitals be reimbursed for the cost of an emergency room visit for patients who do not have insurance but do not qualify for Medicaid because their income is too high?

It depends. Some equipment, medications and staff time associated with treating these patients may be considered eligible if there is no other funding source, however, generally speaking, once an individual is "admitted" to hospital for treatment, insurance takes over to cover these costs. In addition, it does appear that funding is being rolled out from the U.S. Department of Health & Human Services that may cover these costs but does not allow "balance billing".

Is the 25% applicant cost share based on the total amount requested for reimbursement? Will FEMA require proof that the 25% non-federal share has been paid by the applicant before receiving FEMA funding?

The non-federal share represents 25% of the total approved project amount for a project worksheet. However, this cost share percentage may be reduced or waived at the discretion of the President pursuant to 44 CFR § 206.47(d). Should the cost share requirement remain, the Applicant will need to demonstrate that it has met its obligation, but this is not contingent on receiving the federal share (75%). Note that FEMA provides the federal cost share to the "State" which in turn distributes the funding to the Applicants

Given the key to receiving funding is detailed, accurate and comprehensive cost documentation, what advice can you offer up front?

Most importantly, capture as much documentation as you can in 'real time' to avoid relying on memory or tracking down dated invoices later. Assigning disaster-specific project codes and tracking overtime/temporary hires and contract labor specific to COVID-19 will pay dividends when aggregating costs eligible for reimbursement. Consider the use of standardized Incident Command System (ICS) forms or comparable documents to memorialize notable decisions, track responding resources and gather information that can be utilized to substantiate protective measures were reasonable and prudent at the time they were performed.

What rules apply as it relates to procurement of new contracts for COVID-19 response?

Always make certain you follow your established procurement guidelines, including emergency procurement policies. When enacting new contracts, consider including specific provisions that will cover a broad range of federal funded programs, specifically those outlined in 2CFR 200.100-200.113. A competitive procurement process should be followed whenever possible. If a non-competitive contract is awarded, such as a sole-source contract, and services are required beyond the emergency period, you should perform a competitive procurement for the services once the emergency incident period has ended.

Will childcare expenses for essential employees responding to COVID-19 be covered?

FEMA may consider reimbursing some childcare costs for frontline workers performing emergency work. Costs most likely to be eligible for consideration are those incurred by the institution or applicant itself, beyond what they normally pay for, and only for those staff supporting eligible emergency work. Documentation will be very important to substantiate need and increased cost burden. There are other programs in the CARES Act that may be a better fit for this essential service.

Will the cost of hotel rooms for hospital staff be covered?

FEMA has covered this type of expense in the past. In the case of COVID-19, the key to approval is the justification for the expense, such as mitigating the potential for community transmission to the staffs' household members or general public. In fact, Witt O'Brien's is currently working with many city officials to obtain hotel reimbursements for first responders performing frontline emergency work.

Can straight and overtime pay be reimbursed if charged to COVID-specific job codes?

The key thing to remember regarding eligibility of staff time is that FEMA will reimburse for *increased* cost burden by the applicant related to responding to the emergency. FEMA will only reimburse the cost of overtime, temporary hires or contract labor since this represents an unbudgeted increase in cost burden to the applicant. If you hire temporary or contract employees to perform emergency work or to serve as backfill for re-assigned staff, then all associated pay both straight time and overtime for these individuals will likely be eligible. Hospitals should adhere to existing pre-disaster HR payroll policies and should not create new policies specific to COVID-19 payroll.

Given the influx of COVID-19 patients, hospitals have been forced to use the facility-wide stock of Personal Protective Equipment (PPE). Will the cost to restock this PPE be covered?

Restocking hospital-wide supplies and commodities are likely eligible for reimbursement. It's not imperative you get the restock counts exact, but you should document how the supplies were utilized whenever possible. Likewise, should a hospital or healthcare provider need to purchase additional PPE as demand increases, these purchase costs are likely to be eligible for FEMA reimbursement. When purchasing PPE for immediate need future need or restocking, make sure you document the cost of purchase is consistent with the *existing* market value for the product.

Will additional ventilators and beds to be used for COVID-19 patients count as "first order items" since they will likely last longer than the pandemic?

Yes, with the caveat that FEMA may reduce the amount eligible for reimbursement based on the residual or salvage value of the equipment.

Will the cost of new computers for employees be considered an eligible expense?

COVID-19 has resulted in an unprecedented use of tele-health to provide healthcare and welfare services to both COVID-19 and non COVID-19 populations. The cost of transitioning to remote work, work from home, or tele-health models is only eligible if it directly supports

emergency protective measures or emergency work tied to COVID-19 response. It will be important to document how the costs are directly related to the work being performed.

Will the costs associated with any communication to the hospital's respective communities be reimbursed?

During a public health emergency such as the COVID-19 pandemic, the cost associated with providing communication to the public related to matters that impact life and safety would be considered eligible for reimbursement. Make sure to document how the staff time, equipment, materials or ad placements were used to support this communication objective.

Does FEMA cover the costs associated with hiring an expert consultant to help with their application process?

FEMA understands that no community, institution or organization expects to have to seek reimbursement from its Public Assistance Program. And while FEMA and the State do have project specialists who provide limited technical assistance to eligible applicants, FEMA regulations also makes available an administrative 'add-on' for the increased administrative cost burden of seeking FEMA reimbursement. This add-on can be up to 5% of the total grant amount approved by FEMA and may be used for administrative costs, indirect costs, grant management costs and consultant support.

Can Witt O'Brien's subject matter experts assist with the FEMA application process?

Absolutely, our experts are available to assist any community, institution or organization with applying for and obtaining FEMA reimbursements for COVID-19 response efforts. We will use our decades of experience and lessons learned from supporting the response and recovery of nearly every major natural or human-caused disaster in the US since 2001, including the Avian Flu, H1N1, Ebola and Zika outbreaks.

Witt O'Brien's has decades of experience helping State and local governments navigate these complex issues and can certainly assist your community with applying for assistance, evaluating eligibility for incurred or future cost, and with securing critical reimbursements to mitigate strain on your community's cash flow. [Contact us](#) to discuss your community's individual needs and learn how we can help support your COVID-19 response: contact@wittobriens.com