

# Health Care Provider Stabilization Grant Program: Update and Hospital Awards

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September 15, 2020

Vermont Agency of Human Services

Mike Smith, Secretary

# Overview

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# Program Description

Act 136 of 2020 enables the Health Care Provider Stabilization Grant Program.

- \$275,000,000.00 is appropriated from the Coronavirus Relief Fund.
- Must be administered in accordance with Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act governing the permissible use of Coronavirus Relief Funds.
- Creates a needs-based application process.

# Program Description Cont.

- A broad array of health care and human service providers are eligible for the program spanning self-employed practitioners to peer services providers to hospitals.
- AHS is administering two application cycles:
  - Cycle I Application Deadline was August 15, 2020 (for the time period March 1, 2020 – June 15, 2020).
  - Cycle II Application is planned for October (for the time period March 1, 2020 – September 15, 2020).

# Conditions of Grant Funding

- Grant funds will be expended by December 30, 2020.
- Grant funds will be used to cover costs and lost revenues associated with the Coronavirus Disease 2019 (COVID-19) disaster.
- Grants are subject to the requirements of Single Audit found at 2 CFR §200 Subpart F.
- Where applicable, provider organizations will continue current participation in value-based payment initiatives thru 2021.

# Application Inputs

- Revenue
  - Revenue from All Payers (Billed and Paid Amounts for 2019 and Billed Amounts for March 1 - June 15, 2020)
  - Non-claims-based revenue (2019 and March 1 - June 15, 2020)
- Expenses
  - Gross Staff Wages
  - Operating Costs
- COVID-19 Expenses
  - Federally-Reimbursable
  - Vermont-Expanded Reimbursable
  - Other
- Financial Assistance To-Date
  - Grants (not loans)

# Funding Formula

2020 March 1<sup>st</sup> - June 15<sup>th</sup> estimated Loss Revenue

-

Savings from Staff Wage Changes

-

Other Financial Assistance

+

Reimbursement for COVID-related Expenses

+

*(For ACO-participating hospitals)* Medicare AIPBP Reconciliation

# Funding Formula details

- Estimated Loss Revenue
  - Using 2019 all payer revenue, created a billed-to-paid ratio and calculated average monthly revenue
  - Using 2020 March 1<sup>st</sup> - June 15<sup>th</sup> billed claims, applied 2019 billed-to-paid ratio, to estimate 2020 March 1<sup>st</sup> - June 15<sup>th</sup> paid
  - Estimated loss revenue = 2019 monthly avg vs 2020 estimated paid (March 1<sup>st</sup> - June 15<sup>th</sup>)
- Offset by
  - Savings from staff wages (i.e. furloughs)
  - Other Financial Assistance (PPP, HHS, HRSA, etc.) prorated at 35%
- Reimbursement of COVID-related expenses
  - Overtime, PPE, Training, Telehealth expenses, etc.
  - 25% of FEMA eligible expenses and 100% of other expenses

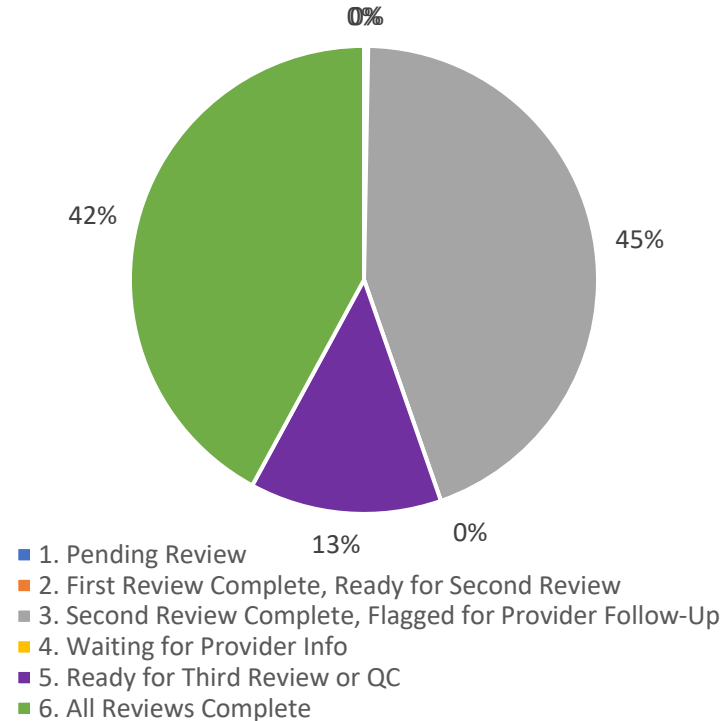


# Program update

- Application portal developed by Salesforce aligns with other CRF grant programs across Agencies
- Received 351 applications from eligible providers
- 78% were new to AHS relief, 22% received prior relief
- Applications received were from a broad array of providers types – 22.7% dentists – largest group

# Application Review Status

Application Review Status - 9/14/20 5:00



# Hospital Applicants and Awards

Hospitals Applicants for Cycle I Health Care Provider Stabilization	Award Amount	Must Continue Participation in Value-Based Payment
Central Vermont Medical Center	<b>\$7,990,772.37</b>	✓
Copley Hospital	<b>\$0</b>	
Gifford Memorial Hospital	<b>\$855,939.41</b>	✓
Northwestern Medical Center	<b>\$5,229,322.18</b>	✓
Porter Medical Center	<b>Pending</b>	
Rutland Regional Medical Center	<b>\$13,091,074.59</b>	✓
Southwestern Vermont Medical Center	<b>\$6,457,919.57</b>	✓
Springfield Hospital	<b>\$0</b>	
University of Vermont Medical Center	<b>\$31,999,014.48</b>	✓
<b>Total Cycle I Hospital Awards</b>	<b>\$65,624,042.60</b>	

# Considerations

- The funding formula is needs-based.
- The federal government has provided considerable direct financial relief to health care providers, reducing overall need.
- FEMA is anticipated to cover 75% of new costs/expenses due to COVID-19 therefore hospital award amounts include coverage for only 25% of COVID-19 related expenses.
  - AHS will reserve to cover COVID-19 related expenses in the event FEMA rejects applications for coverage.
- The funding formula uses a ratio of billed to paid claims in 2019 compared to 2020—we recognize that the CY 2019 base period may favor providers differently but needed to apply the formula consistently.
- This financial relief is one-time, retrospective to the eligible period(s), and covers only documented losses and expenses due to COVID-19 in 2020.