

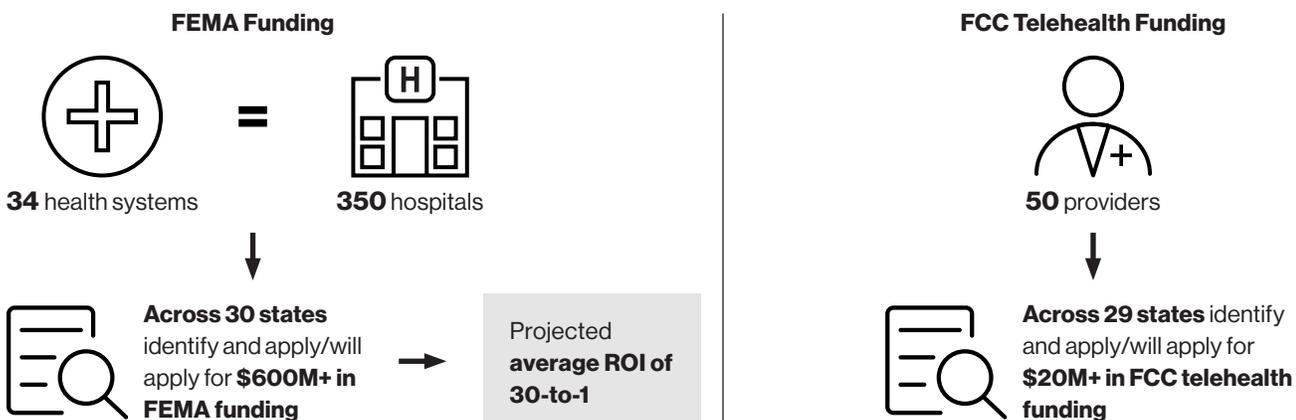
Healthcare

More Than \$2.5 Billion in Health System COVID-19 Grants and Benefits Enabled to Date Through Guidehouse Initiatives

Hundreds of providers leveraging deep federal government, operational improvement, and policy expertise in efforts to accurately secure timely reimbursement

To date, Guidehouse has already helped hospitals and health systems:

Enable \$2.5B+ in COVID-19 federal grants and benefits, including:



Continuing to track \$250B+ in total COVID-19 federal funding for providers

Challenge

Since March 2020, hospitals and health systems nationwide have faced unprecedented financial challenges amid lost revenue and new expenses as they care for their communities in response to COVID-19. The American Hospital Association estimates the total COVID-19 financial impact on providers through June will exceed \$200 billion — an average of more than \$50 billion a month — with the bulk of losses stemming from canceled elective and nonelective surgeries.¹

To help mitigate these financial headwinds, the federal government has thus far created several funding mechanisms through four pieces of legislation to support and reimburse providers for

increased costs and lost revenues linked to COVID-19. The most significant sources of health system funding include:

- \$175 billion in the Health and Human Services (HHS) Provider Relief Fund and \$45 billion in Federal Emergency Management Agency (FEMA) funding to reimburse qualified organizations for lost revenue and emergency response expenses.
- \$200 million in Federal Communications Commission (FCC) COVID-19 Telehealth Program funding to help providers deliver connected care services to patients at their homes or mobile locations.

1. American Hospital Association, "New AHA Report Finds Financial Impact of COVID-19 on Hospitals and Health Systems to Be Over \$200 Billion through June," May 5, 2020, <https://www.aha.org/special-bulletin/2020-05-05-new-aha-report-finds-financial-impact-covid-19-hospitals-and-health>.

But applying for relief funds is an extremely complex process, exacerbated by overlapping eligibility activities and varying degrees of rigor and documentation. Such is the case for both new efforts like HHS' Provider Relief Fund and the FCC's telehealth program, as well as for more established FEMA processes.

For example, FEMA public assistance is designed as a recovery program to help communities to rebuild post-disaster, but COVID-19 is an ongoing crisis with vastly different complexities. While FEMA has strived to establish COVID-specific policies and guidance, there remain nuances particular to how health systems procure supplies, structure labor, account for medical insurance, and more.

These differences require expertise in interpreting guidelines and developing applications that align with FEMA's current framework, all of which must be properly structured and presented to providers' state emergency management agencies at a time of unprecedented uncertainty. Reimbursement delays can be expected for providers unable to present their claims in the FEMA-prescribed manner.

Moreover, coordination of benefits across all available grants is critical to identify applicable funding sources based on eligibility criteria; flag potential duplication of benefits; and track application status, receipt of funds, and days to repayment (if applicable). HHS has clearly stated that relief funds recipients must fully comply with all the terms and conditions of their specific allocation of funds or face recoupment of some or all payments. Furthermore, relief fund recipients are subject to review and audit by the HHS inspector general to verify compliance with the various funding terms and conditions.

To receive appropriate reimbursement for COVID-19 related costs, it is critical for hospitals to avoid the following risk areas:

- Improper procurement processes/lack of documentation to justify emergency conditions
- Ineligible contract types (do not use cost plus fixed fee)
- Poor and inconsistent timekeeping practices for employee labor across system
- Lack of/inadequate details on required supporting documentation
- Duplication of benefits by poor tracking and organization of reimbursements and goods received from funding sources
- "Under documentation" - Document as much as possible e.g., critical communications, photos of project sites/items purchased, changes to or enactments of certain internal policies to enact disaster response



Solution

With deep federal government, health system operational improvement, and policy expertise, Guidehouse was immediately ready and uniquely qualified to implement a broad strategy to help providers in their efforts to accurately secure timely reimbursement, allowing them to maintain focus on their staff and communities.

For example, from March 2020 to June 2020, Guidehouse, which has decades of experience managing hundreds of billions of dollars in federal funding disbursement, assisted hundreds of hospitals and health systems with capturing, analyzing, allocating, and submitting well-articulated applications for reimbursement via these strategies and tactics:

Compiling FEMA-Eligible Costs	Compiling labor, materials, supplies, and capital costs that align with the FEMA framework
Determining Use of Funds	Allocating HHS Provider Relief Funds to revenue losses while determining COVID-19-related expenses coordinated between FEMA and state grants, based on eligibility
Avoiding Duplication of Benefits	Developing a coordination-of-benefits tracker offering a clear audit trail of how expenditures and lost revenue were allocated among multiple grant sources, and isolating FEMA-eligible costs
Developing FEMA Project Worksheets	Capturing costs in FEMA-specific templates and developing expedited and streamlined worksheets for submission to state agencies
Establishing FEMA Compliance Requirements	Drafting content that explains nuances of cost capture, documentation requirements, insurance, and other deductions, and providing reimbursement and closeout requirement documentation
Developing FCC Applications	Identifying telehealth needs and creating application of the FCC grant in coordination with other telehealth grant sources
Preparing Quarterly Reporting	Providing guidance pertaining to the quarterly reporting requirements for HHS grants

All clients are also being informed daily of regulatory and policy developments, including federal and state funding opportunities, to assist them in the coordination of benefits and to make informed decisions on their economic recovery. This includes working with health systems to help them identify, understand, and coordinate other COVID-19 recovery programs created by Congress, such as:

- Loan programs to support payroll and other overhead costs.
- Reimbursement programs for costs of testing and treating the uninsured for COVID-19.

Results

To date, Guidehouse has helped hospitals and health systems enable more than \$2.5 billion in grants and benefits.

This includes:

- Thirty-four health systems — representing 350 hospitals across 30 states — have identified and applied for or will apply for more than \$600 million in FEMA funding. The projected average return on investment (ROI) for these systems is 30-to-1.
- Fifty hospitals and health systems across 29 states have identified and applied for or will apply for more than \$20 million in FCC telehealth funding.

Moving forward, Guidehouse is tracking more than \$250 billion in total COVID-19 federal funding for hospitals and health systems across multiple funding mechanisms. This includes helping providers prepare for audits that will require comprehensive supporting documentation for pandemic-related expenditures.

The firm also continues to work with FEMA, the Centers for Medicare & Medicaid Services, HHS, state emergency management leaders, governors, legislators, and more to help shape interpretations and responses and best position clients for success. This includes assisting with policy research aimed at enabling states and providers to develop a more precise and stable response to future disasters that impact the healthcare delivery network.

Experts

Gaurav Menon

Partner

gmenon@guidehouse.com

Dave Mosley

Partner

david.mosley@guidehouse.com

To sign up to receive our daily COVID-19 Hospital Financial Insights and Funding Updates, visit: guidehou.se/318KNnn

 [linkedin.com/showcase/guidehouse-health](https://www.linkedin.com/showcase/guidehouse-health)

 twitter.com/GuidehouseHC

guidehouse.com

About Guidehouse

Guidehouse is a leading global provider of consulting services to the public and commercial markets with broad capabilities in management, technology, and risk consulting. We help clients address their toughest challenges with a focus on markets and clients facing transformational change, technology-driven innovation and significant regulatory pressure. Across a range of advisory, consulting, outsourcing, and technology/analytics services, we help clients create scalable, innovative solutions that prepare them for future growth and success. Headquartered in Washington DC, the company has more than 7,000 professionals in more than 50 locations. Guidehouse is a Veritas Capital portfolio company, led by seasoned professionals with proven and diverse expertise in traditional and emerging technologies, markets, and agenda-setting issues driving national and global economies. For more information, please visit: www.guidehouse.com.

©2020 Guidehouse Inc. All rights reserved. W196580

This content is for general informational purposes only, and should not be used as a substitute for consultation with professional advisors. This publication may be used only as expressly permitted by license from Guidehouse and may not be otherwise reproduced, modified, distributed, or used without the expressed written permission of Guidehouse.

