



# Applying for FEMA Funds Due to COVID-19

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The Federal Emergency Management Agency provides Public Assistance when the president issues an emergency declaration, such as due to the COVID-19 pandemic. Public Assistance provides federal funds through a cost-sharing methodology to help local governments and certain private nonprofit entities cover the unexpected and elevated costs of maintaining public health and safety.

FEMA is providing Public Assistance funds through Category B to hospitals and other entities affected by COVID-19, such as to provide emergency healthcare. Many costs considered eligible for Public Assistance after a natural disaster, such as clearing debris or repairing roads, fall under other categories and do not apply to the COVID-19 pandemic.

FEMA has announced it is expediting approval of requests for Public Assistance due to COVID-19 and is accepting applications throughout the duration of the emergency period. FEMA announcements specific to the COVID-19 pandemic are summarized below and supplemented with its general Category B policies in the Public Assistance Program and Policy Guide, which can be found [here](#). Direct quotations below come from the Public Assistance Program and Policy Guide.

## Healthcare Provider Eligibility

Certain private nonprofit entities, including healthcare providers, that deliver critical services during a pandemic or other disaster are eligible for Public Assistance funds. Eligible healthcare facilities include hospitals, clinics and other outpatient sites, nursing homes, hospices, long-term care facilities, labs, and administrative buildings. However, eligible costs are limited; inpatient services are ineligible, for example. Therefore, while a facility type may be eligible for Public Assistance, it might not be able to claim funds for many of its functions. Furthermore, FEMA determines eligibility at the building level, so some facilities within a health system might qualify but others might not. There are additional requirements regarding the “work” and “costs” that are eligible for coverage, both of which are explained in further detail below.

To be eligible, a private nonprofit entity must be certified under Internal Revenue Code section 501(c), 501(d), or 501(e), unless it has a letter from its state government confirming it is nonprofit. Only in rare circumstances can a for-profit hospital receive FEMA public assistance: They must be requested by an eligible entity (and have a contract) to provide eligible work and incur eligible costs.

## How to Apply

FEMA has expedited and simplified the application process due to the scale of the COVID-19 pandemic. Private nonprofits such as hospitals must contact the local administrative group (e.g., state government) that has received Public Assistance to receive login credentials for PA Grants Portal ([grantee.fema.gov](https://grantee.fema.gov)), where requests must be submitted. FEMA video tutorials on this process are available [here](#). A FEMA white paper summarizing the process is available [here](#). While there is usually a 30-day limit on this eligibility, FEMA has announced that costs incurred throughout the entire COVID-19 emergency period will be eligible, and advance warning will be given before the eligibility window closes.

## Pass-Through Assistance

The majority of awardees receive Public Assistance indirectly. FEMA provides funds to state governments or other local administrative groups, like tribal governments. Private nonprofits apply for a portion of those funds, and both the local administrative group and FEMA officials review the request. If the request is approved, the local administrative group disburses the funds. The streamlined application process described above still falls under pass-through assistance.

## Direct Assistance

In rare circumstances, such as when the local administrative group has been overwhelmed by the emergency, FEMA makes payments directly to private nonprofit healthcare providers that have delivered an unusual level of emergency healthcare. Those circumstances include the costs of evacuating patients and costs incurred “when essential components of a facility are urgently needed to save lives or protect health and safety, such as an emergency room.”

## Cost Sharing

When FEMA approves requests for Public Assistance, it generally requires the awardee, in this case a hospital, to cover a portion of the emergency costs. A 75/25 split is the minimum level, with FEMA covering 75% of the eligible emergency costs. FEMA has announced it expects to maintain the 75/25 split for COVID-19 Public Assistance awards; however, it has the authority to increase that ratio and cover up to 90% of costs.

## Documentation and Procurement

It is crucial to thoroughly document costs. Creating a cost center specific to COVID-19 is one option for sequestering and tracking costs for reporting later. All records related to eligible costs, such as invoices and receipts, should be retained. Nontraditional documentation also can support that costs were eligible, such as photographs, maps, or sketches of temporary expansions or narratives of who performed what eligible work on a given day. For the duration of the COVID-19 emergency period, the U.S. Department of Health and Human Services has suspended competitive bidding procurement requirements that normally apply to nonprofit hospitals.

Template cost reporting worksheets are available from FEMA [here](#). A checklist that walks through how FEMA typically assesses cost estimates is available in Appendix A of [this resource](#). Please note that this resource predates COVID-19 and mentions competitive bidding requirements that have since been suspended.

## Eligible Costs

Public Assistance Category B funds can be used for “extraordinary costs associated with operating emergency rooms and with providing temporary facilities for emergency medical care of survivors” if a pandemic or other disaster has “destroyed, severely compromised or overwhelmed” local healthcare providers.

FEMA defines both “work” and “costs” as eligible. Eligible work can be considered “emergency work” (e.g., necessary to save lives or protect the public) or “permanent work” (e.g., reconstructing roads or making other repairs to return infrastructure to its pre-disaster state). Only some of the expenses of performing eligible work are defined as eligible costs. Category B eligible work is considered emergency work.

First, for work to be eligible, it must meet three baseline criteria:

- It must be necessary because of the emergency
- With the exception of evacuation and sheltering, it must occur within the area designated to be affected by the emergency
- The entity applying for assistance must be legally responsible for that work

Second, FEMA requires all of the following criteria to be met for an expense due to providing eligible work to be considered an eligible cost:

- It must be a direct cost of the eligible work
- It must be thoroughly documented
- It must be adjusted by any non-FEMA available funding (for example, an insured patient’s plan)
- It must comply with federal, state, and other statutes and regulations
- It must comply with the applicant’s internal policies and procedures

- It must be both necessary and reasonable (see “Cost Eligibility” [here](#))

Third, additional restrictions apply to specific types of eligible costs. For example, medical care often meets eligible work and eligible cost criteria, but not all types of treatment are included. This list provides additional detail on the eligible costs most likely to be incurred by a hospital or health system:

- Alternate care sites, temporary expansions, and medical shelters
  - Preparation (e.g., staging ambulances and supplies)
  - Security
  - Food, water, and ice for residents
  - Cost of the facility itself, such as to purchase or rent a tent, portable unit, or building
  - *NOTE: Sites can be used either to treat COVID-19 patients or to treat non-COVID-19 patients while limiting the risk of transmission; for example, they can be used as a post-discharge quarantine site for COVID-19 patients who no longer require inpatient care and they can be used to temporarily house patients who are suspected to have COVID-19 (e.g., they are known to have contact with someone diagnosed with COVID-19) but do not require hospitalization; additional healthcare costs for temporary residents of such sites might be eligible (see “Evacuation and Sheltering” [here](#))*
  - *NOTE: These are considered “congregate” shelters, meaning they house more than one patient; non-congregate shelters, which allow for patients to be individually isolated require additional pre-approval from FEMA, and requests to use a temporary site to house a particular population should be routed through local government public health officials*
- Ambulance transportation
  - If the ambulance is necessary to provide treatment for or reduce the risk of spreading COVID-19, to support a mobile unit, to facilitate immunization, to evacuate patients, or to transport patients to an alternate care site
- Evacuation costs
  - Beyond ambulance transport, if patients have to be evacuated from a healthcare facility, FEMA can provide direct funds for other transportation and equipment costs
- Healthcare services
  - *NOTE: Inpatient care remains ineligible, even for COVID-19 patients*
  - Emergency care for COVID-19 patients, including but not limited to medical waste disposal, triage, stabilization, and monitoring
  - COVID-19 diagnostic testing
  - COVID-19 vaccinations (once they are available)
- Medical supplies
  - *NOTE: Both supplies that were already in a healthcare provider’s inventory and newly purchased supplies are eligible; if supplies were already in inventory, tracking how they were used during an emergency and providing invoices from their original purchase can help support a Public Assistance request*
  - Durable medical equipment
    - Hospital beds, wheelchairs, oxygen equipment
  - Non-DME supplies

- Medications, bandages, diapers
- Personal protective equipment
  - PPE is eligible if it is procured for healthcare providers at a facility that is treating COVID-19 patients
- Increased operating costs
  - Certain operating costs necessary to maintain operations during the emergency are eligible, such as purchasing or renting a generator for hospital use or the use of other equipment
  - Typical operating costs of a hospital or other healthcare facility, such as for providing non-emergency care for patients, generally are not eligible; in rare circumstances, FEMA will cover increased operating costs if a healthcare facility has been explicitly requested to provide emergency services by local government
- Prescription drugs for COVID-19 patients
  - Funds can cover a 30-day supply of drugs prescribed for an acute condition or because a previously filled maintenance prescription is unavailable
- Public information efforts
  - Print and other publication/communication costs to disseminate public health information
- Staff compensation
  - *NOTE: FEMA provides compensation for staff work based on their typical hourly rate and as a percentage of their typical fringe benefits; see "Applicant (Force Account) Labor" [here](#)*
  - Overtime for budgeted employee performing emergency work
    - *NOTE: A budgeted employee is defined as a permanent staff member or a seasonal staff member working during their normal time of year; under Category B, Public Assistance is not available to cover the cost of budgeted employees' regular hours when performing emergency work*
  - Regular hours and overtime for unbudgeted employee performing emergency work
    - *NOTE: An unbudgeted employee is a staff member who had been on administrative leave but returns to work early, a temporary staff member hired to help complete eligible work, a seasonal staff member working during an abnormal time of year, or a permanent staff member whose compensation is funded by an outside entity, such as a grant, and who has been reassigned to assist with eligible work beyond the scope of their typical employment*
  - Overtime for a backfill employee performing regular work that enables a budgeted employee to perform emergency work
  - Regular hours for backfill employee if they are a contracted or temporary staff member or if they are a budgeted employee but would normally not be scheduled to work on that day (e.g., a weekend day qualifies, but not an atypical requested day off)
- Staff meals
  - Meals for staff are eligible if a labor agreement requires them, if shifts are longer than usual or spanning unusual time frames, or if they are not "reasonably accessible" to staff for other reasons; additionally, eligible meals are brought to the worksite, and restaurant meals are ineligible
- Training
  - When staff or volunteers must be trained to assist with eligible work

## Ineligible Costs

Some costs are never considered eligible for Public Assistance. This list provides additional detail on ineligible costs commonly incurred by a hospital or health system:

- Costs covered by another entity, such as:
  - Patient health insurance
    - *NOTE: If the patient is insured but their plan does not cover care on the list of eligible costs, Public Assistance funds can be sought if the lack of coverage is documented, such as by billing and obtaining a denial*
  - Insurance purchased by the nonprofit provider (e.g., property damage policies)
  - Another federal agency (e.g., CDC, U.S. Department of Health and Human Services)
    - *NOTE: FEMA and HHS are sharing information to help prevent duplication of funding*
- Donated supplies, equipment, or other items
  - *NOTE: FEMA excludes the value of any relevant donations when calculating eligible costs; however, the Applicant can apply the market value of donations toward its cost-sharing requirement; to do so, the donation must have been made by a third party (not an employee), have been used to support eligible work, and have been thoroughly documented (where, when, and how the donation was used)*
- Healthcare services
  - Inpatient care for any patient
  - Follow-up care for COVID-19 patients after the emergency period ends
  - Long-term care for any patient
  - Treatment of non-COVID-19 patients
  - Normal administrative/operating costs unrelated to emergency work
  - Loss of revenue (e.g., reduced cash flow when nonessential procedures were postponed)

*Note: A copy of Version 4 of the FEMA Public Assistance Program and Policy Guide, a 2020 update, previously at this [link](#) no longer appears to be available. FEMA is linking to Version 3, from April 2018, on its Policy, Guidance, and Fact Sheets page [here](#), last updated April 13, 2020.*

*COVID-19 is an ongoing situation and organizations' processes are changing daily to adapt to various needs during this crisis. As such, this information is up-to-date as of April 22, 2020. HBI is continually monitoring the situation and updating material as we gather additional information. While HBI has attempted to ensure the accuracy of research provided in this document, the information has been obtained from numerous resources. Therefore, HBI cannot guarantee its accuracy and is not liable for any claims or losses that arise from errors or omissions within this document.*