June 18, 2020

To: CBHDA Members

From: CBHDA Staff

Subject: **Summary of COVID-19 Federal Relief Packages and Funding Opportunities**

This memo provides CBHDA members with summary information on the various federal relief packages that have been enacted in response to the COVID-19 emergency. It also describes federal funding opportunities currently available to counties and/or their subcontracted behavioral health providers, including Paycheck Protection Program loans, CARES Act allocations to local governments, Medicaid provider relief funds, and FCC telehealth grants.

Members with questions may contact CBHDA policy consultant Kim Flores at kflores@cbhda.org.

I. COVID-19 Federal Relief Legislation

Package 1: The Coronavirus Preparedness and Response Supplemental Appropriations Act, was signed into law on March 6.[1]

- Appropriated $8.3 billion for various COVID-19-related activities, including $6.2 billion for the U.S Department of Health and Human Services (DHHS).
- Allocated DHHS funds for public health infrastructure—lab capacity, staffing, surveillance, epidemiology, medication and vaccination development and purchase, medical supplies, and health provider training.
- Allocated $950 million for grants to and cooperative agreements with states, localities, tribes, and territories for a variety of public health preparation and response activities.
- Waived restrictions on billing for telehealth services provided to Medicare beneficiaries.

Package 2: The Families First Coronavirus Response Act (FFCRA), was signed into law on March 18, appropriated $3.5 billion (and as needed additional amounts for Social Security and SNAP), and is aimed at mitigating the economic and public health consequences of the COVID-19 outbreak.[2]

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[1] Legislative Analyst's Office, "Covid-19: Federal Health-Related Response", Accessed June 17, 2020. https://lao.ca.gov/Publications/Report/4209

[2] Ibid, Wynne Health Group, "Lawmakers Pass Families First Coronavirus Response Act", https://mypolicyhub.com/content_entry/lawmakers-pass-families-first-coronavirus-response-act-includes-no-cost-

- Increased unemployment insurance (UI) by $600 per week,
- Expanded maximum time to receive UI from 26 to 39 weeks, and
- Expanded eligibility to self-employed workers.
- Provides up to two weeks of paid sick leave plus an additional 12 weeks (10 of those weeks paid) of expanded family and medical leave for reasons related to COVID-19.
- Provides additional flexibility and funds for the four major food nutrition programs.
- Increased federal share of cost in Medicaid (FMAP) by 6.2% from January 1, 2020 until the first quarter in which the COVID-19 public health emergency is not in effect.
- Required universal coverage of COVID-19 testing without cost sharing.

Package 3: Coronavirus Aid, Relief, and Economic Security (CARES) Act signed into law on March 27, appropriated over $2 trillion for COVID-19-related activities and related financial relief. (See page 3 for more detail on state and local funds.)[3]

- Contains authorizing language for several programs and numerous changes to the Medicare program (such as eliminating some face-to-face requirements).
- Expands coverage of and offers grants to support broader use of telehealth services including in Medicare, private insurance, and through other federally funded providers.
- $250 billion set aside for direct payments to individuals and families
- $377 billion in small business loans, of which $349 was appropriated to the Paycheck Protection Program (PPP).
- $260 billion in unemployment insurance benefits.
- $500 billion in loans for distressed companies.
- $500 billion to Treasury's Exchange Stabilization Fund to provide loans, loan guarantees and other investments.
- $150 billion to assist states and localities.
- $150 billion for hospitals to invest in equipment and infrastructure

Package 4: The Paycheck Protection Program and Health Care Enhancement Act was signed into law on April 24, appropriated $484 billion to provide additional coronavirus relief to small business, health care providers, and hospitals, as well as provide funding to expand COVID-19 testing capacity.[4]

- $310 billion for the Paycheck Protection Program.

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sharing-for-covid-19-diagnostic-tests-medicaid-fmap-increase-nutrition-assistance-paid-sick-leave/ and Legislative Analyst's Office, "Federal Assistance for Businesses Affected by COVID-19", https://lao.ca.gov/Publications/Report/4208, Accessed June 17, 2020.

[3]Kaiser Family Foundation, "The Coronavirus Aid, Relief, and Economic Security Act: Summary of Key Health Provisions", https://www.kff.org/coronavirus-covid-19/issue-brief/the-coronavirus-aid-relief-and-economic-security-act-summary-of-key-health-provisions/, National Law Review, "President Trump Signs Into Law the Coronavirus Aid, Relief, and Economic Security (CARES) Act", https://www.natlawreview.com/article/president-trump-signs-law-coronavirus-aid-relief-and-economic-security-cares-act#:~:text=As%20detailed%20herein%2C%20the%20CARES,professionals%2C%20patients%2C%20and%20hospitals. Accessed June 17, 2020.

[4]Wynne Health Group, "Coronavirus Relief Package: Paycheck Protection Program And Health Care Enhancement Act (H.R. 266)" https://mypolicyhub.com/wp-content/uploads/2020/04/WHG-Summary-of-Interim-Coronavirus-Relief-Package_4.23.20.pdf. Accessed June 17, 2020.

- $50 billion for SBA's Economic Injury Disaster Loan (EIDL) program, and $10 billion for EIDL grants.
- $75 billion for health care providers and hospitals;
- $25 billion to expand COVID-19 testing capacity, including $11 billion for states, localities, territories, and tribes and $1 billion to cover testing for the uninsured.

Package 5: The Paycheck Protection Program Flexibility Act of 2020 was signed into law on June 5, and makes several reforms to the SBA Paycheck Protection Program (PPP). As of May 30, 2020, SBA has approved about 4.4 million loans, totaling more than $510 billion. This leaves about $149 billion in PPP funds available. Businesses with 500 or fewer employees as well as 501(c)(3) non-profit organizations, 501(c)(19) veterans organizations, or Tribal business concerns are eligible.[5]

- Extends the period that PPP borrowers have to use the loans in order to qualify for forgiveness from eight weeks to 24 weeks;
- Reduces the loan amount borrowers have to spend on payroll in order for it to be forgiven from 75 percent to 60 percent;
- Extends the period in which borrowers must rehire employees or restore certain salaries or wages from June 30, 2020 to December 31, 2020;
- Provides two exceptions to the requirements that borrowers must rehire employees to February 15 levels.
- Extends the maturity date for any loan amounts after the forgiveness period from two years to five years; and
- Allows borrowers to defer 50 percent of the employer's share of payroll taxes until 2021 and the remaining 50 percent until 2022.

II. CARES Act State and Local Government Funds

Of the $150 billion provided in the CARES Act for state and local governments, California received a total of $15.3 billion with $9.5 billion paid to the state. The remaining $5.8 billion was distributed directly from the U.S. Treasury to cities and counties with populations over 500,000.

The Governor's May Revision proposes to allocate a portion of the state's $9.5 billion to local governments to further support their COVID-19 efforts including:

- $450 million to cities for homelessness and public safety; and,
- $1.3 billion shifted from the state to counties, "for public health, behavioral health, and other health and human services."

As specified under section 601(d) of the Social Security Act[6] funds may only be used to cover costs that:

1. Are necessary expenditures incurred due to the public health emergency with respect to COVID-19.

[5]Wynne Health Group, "Paycheck Protection Program Reforms Signed Into Law", https://mypolicyhub.com/content_entry/paycheck-protection-program-reforms-signed-into-law/ Accessed June 17, 2020.

[6] Section 601(d) of the Social Security Act is the provision in the CARES Act that specifies the use of funds for three purposes, which are listed above.

- Addressing medical or public health needs, or
- Responding to second-order effects of the emergency, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures.[7]

2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government.
3. Were incurred between March 1, 2020- December 30, 2020.

See the guidance released from the Department of Treasury April 22, 2020, and the Coronavirus Relief Fund Frequently Asked Questions, updated as of May 28, 2020 for further examples of allowable and unallowable expenses.[8]

III. Additional Federal Funding Opportunities for Counties and Behavioral Health Providers

A. CARES Act Medicaid/CHIP Provider Relief Fund

HHS expects to distribute $15 billion to eligible Medicaid and CHIP providers. The payment to each provider will be at least 2 percent of reported gross revenue from patient care; the final amount each provider receives will be determined after the data is submitted, including information about the number of Medicaid patients providers serve.

Providers must submit application data by July 20, 2020. To be eligible, providers must meet each of these requirements[9]:

- Must not have received payment from the $50 billion General Distribution (Medicare); and
- Must have directly billed Medicaid (or Medicaid managed care plans) between Jan. 1, 2018 and May 31, 2020 for healthcare-related services during the period of January 1, 2018, to December 31, 2019, or (ii) own (on the application date) an included subsidiary that has billed Medicaid for healthcare-related services during the period of January 1, 2018, to December 31, 2019; and
- Must have either (i) filed a federal income tax return for fiscal years 2017, 2018 or 2019 or (ii) be an entity exempt from the requirement to file a federal income tax return and have no beneficial owner that is required to file a federal income tax return. (e.g. a state-owned hospital or healthcare clinic); and
- Must have provided patient care after January 31, 2020; and
- Must not have permanently ceased providing patient care directly, or indirectly through included subsidiaries; and

[7] See guidance released from the Department of Treasury, https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf

[8] https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf

[9] See https://www.hhs.gov/sites/default/files/medicaid-provider-distribution-instructions.pdf

- If the applicant is an individual, have gross receipts or sales from providing patient care reported on Form 1040, Schedule C, Line 1, excluding income reported on a W-2 as a (statutory) employee.

Eligibility of Medicaid managed care providers: Although the provider distribution instructions primarily refer to FFS providers that bill Medicaid "directly", CMS' funding announcement states clearly that providers who provide Medicaid services through managed care contracts are also eligible. DHCS has reiterated that they believe both counties and subcontracted, community-based providers are eligible to apply, subject to the exclusions outlined above.

Eligibility of entities that received CARES Act funds *other than* the General Distribution for Medicare: Note that ineligibility in the first bullet above is only tied to receipt of payments from the $50 billion General Distribution, and does not include other CARES Act funds received, including the state and local government funds or other Provider Relief Fund Targeted Distributions like the High Impact Area or Rural distributions.

Eligibility of entities that received funds through the General Distribution for Medicare: Counties/providers must be excluded from this opportunity if the entity that received Medicare funds, as identified by its Taxpayer Identification Number (TIN) or equivalent, is the same entity that seeks to apply for Medicaid relief. However, if one county-operated entity received Medicare funds and a second county entity that bills Medicaid under a different TIN did not, it appears the second entity should still be eligible for this distribution.

Please see the recent CMS FAQ for more specifics, including instructions on how to complete the application. Note that questions on p. 20, 22, 25, and particularly p. 35 provide additional information on the Medicare exclusion issue described above, and describe the way payments will be made to providers or groups of providers based on TIN and Medicare/Medicaid ID numbers.

B. FCC COVID-19 Telehealth Program

The COVID-19 Telehealth Program provides $200 million in funding, appropriated by Congress as part of the CARES Act, to help health care providers provide connected care services to patients at their homes or mobile locations in response to the COVID-19 pandemic. The Program provides immediate support to eligible health care providers responding to the COVID-19 pandemic by fully funding their telecommunications services, information services, and devices necessary to provide critical connected care services until the program's funds have been expended or the COVID-19 pandemic has ended.

Examples of eligible services and connected devices include[10]:

- Telecommunications Services and Broadband Connectivity Services: Voice services, for health care providers or their patients.

[10] See FCC FAQ, question 26, updated May3, 2020. https://www.fcc.gov/covid-19-telehealth-program-frequently-asked-questions-faqs

- Information Services: Internet connectivity services for health care providers or their patients; remote patient monitoring platforms and services; patient reported outcome platforms; store and forward services, such as asynchronous transfer of patient images and data for interpretation by a physician; platforms and services to provide synchronous video consultation.
- Connected Devices/Equipment: Tablets, smart phones, or connected devices to receive connected care services at home (e.g., broadband-enabled blood pressure monitors; pulse oximetry monitors) for patient or health care provider use; or telemedicine kiosks/carts for health care provider sites.

The COVID-19 Telehealth Program is limited to nonprofit and public eligible health care providers that fall within the categories of health care providers in section 254(h)(7)(B) of the 1996 Act. These include local health departments and community mental health centers. As of June 10, they have only distributed $104 million of the available $200 million. See more information here.