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Subject: Bi-State Business Implications Bulletin-October 1, 2020
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Attachments: [Leadership Development Program Flyer and Registration Form 9-11-20.pdf](#)

Dear CFOs and CEOs,

This email contains financial/business-focused information. As you know, Bi-State has also been sending COVID-19 bulletins to CEOs and Medical Directors for the past couple months (archive of past bulletins can be found [here](#)).

Thank you to all the CFOs and CEOs who have been attending our CFO drop-in meetings. We met again on 9/24/2020 and focused our discussion on the Provider Relief Fund Reporting Guidance, which was released in mid-September. Mary Doves, CPA was on the call to provide an auditor's perspective. Notes from the meeting on 9/24/2020 are included at the bottom of this bulletin. We now have regularly scheduled CFO meetings, on the third Thursday of the month, 1:30-2:30 PM (next meeting on 10/15/2020!).

Toplines include: Novartis is back to not shipping 340B drugs, Provider Relief Fund Guidance, & Bi-State is hiring!

Today's PSA: Building off of our Cyber Security Training earlier this week, we'd like to remind you to check those privacy settings on your phone. Even if you turned things off, sometimes the software updates turn them back on.

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MEETING NOTES

Thanks for all that you do and please let us know if you have any questions or comments,
Georgia

GENERAL

FFCRA Update: Implications for Previously Exempt Employees of Health Care Providers

On 9/16, an updated FFCRA rule went into effect. DOL's announcement is [here](#) and the rule is [here](#). The new rule revised the definition of "healthcare provider" to include only employees who meet the definition of that term under the Family and Medical Leave Act regulations or who are employed to provide diagnostic services, preventative services, treatment services or other services that are integrated with and necessary to the provision of patient care which, if not provided, would adversely impact patient care. The bottom line is that this changes who qualifies for FFCRA for health care providers and it requires individual organizational analyses.

340B: Novartis switches back to not shipping drugs

In a reversal of its previous position, Novartis has now indicated *they will* cease to send 340B priced drugs to contract pharmacies for covered entities who do not submit data. This means that effective 10/1, they could refuse to ship.

340B: Data submissions

We've learned that some of you have worked with your 340B vendors to aggregate the data needed to submit to the manufacturers and that this process is straight forward and can result in minimal administrative burden on health center staff.

Public Charge: Back in effect in all states

As of 9/11, the Public Charge rule is in effect in all states. Earlier this year, there was a District Court decision that said the rule could not be in effect in VT, NY, and CT. On 9/11, the District Court of Appeals stayed that decision and opened up the rule to be implemented in all jurisdictions again. This rule continues to be litigated so this could change again. For more info, check out the [National Immigration Law Center](#). *Any COVID-19 testing and diagnostic activity, even if paid by Medicaid is not counted towards an individual being a public charge.*

Webinar Opportunity: 10/22 at 4p

The New England Rural Health Association is hosting a virtual roundtable for FQHC CEOs on 10/22. This is for New England CFOs only. You can register for this invitation-only event at <https://www.fauf.com/healthcare/new-england-fqhc-continued>. After registering, please look for a Confirmation email and survey from First American Healthcare Finance).

Potential Discussion Topics: Budgeting, Cash Flow, Cost Control, Liquidity Utilization, Fueling Growth, Furloughs/Staffing, Future Surges, Increase in Acute Events, Payer Mix, PPE, Reimbursement and Revenue Recovery, Repayment, Telehealth, Testing, Volume Recuperation.

FEDERAL FUNDING RELATED:

Provider Relief Fund Information

On 9/19, HRSA released the Reporting Guidance for the Federal Provider Relief Fund. [This guidance](#) offers some additional detail, and some changes in definition from the earlier definition. A good summary of one of these changes (the definition of lost revenue) to this guidance is [found here](#). During our CFO call, we identified numerous questions, which Bi-State is asking of HRSA. *Please send*

along any additional questions you may have.

Uninsured Portal: no SSN needed

We have recently learned that claims are being processed even if a SSN is not included. Additionally, FQHCs do not have to submit claims to this portal, but they are encouraged to do so.

FEDERAL NON-CORONAVIRUS CONTENT

HRSA's Loan Guarantee Program for Health Center Program Grantees

HRSA has published additional [information](#) about HRSA's Loan Guarantee Program, including a [powerpoint overview](#). This program facilitates access to capital funding and reduces financing costs for health centers by guaranteeing up to 80% of the principal and interest on loans made by non-Federal lenders to health centers to finance capital infrastructure projects. Guaranteed loan funds are not direct loans or grants awarded by HRSA. Participation in this program can help health centers to get a loan when a lender may otherwise have concerns about collateral, etc., and it can help health centers secure lower interest rates. There are no fees for health center participation in this program, and the program can work in conjunction with New Market Tax Credits as well as some other financing mechanisms.

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OTHER

Bi-State Leadership Development Program: Registration is Closing Soon!

Registration closes on 10/2/2020 for Bi-State's all-virtual Leadership Development Program. This program is designed for individuals working in community health who wish to advance their careers and increase their knowledge of nonprofit health center operations. This year's LDP program adds new content to support leading in the complex and ever-changing health care environment. LDP is a virtual educational series offering opportunities for individuals to learn from policymakers and leaders in the field on topics that impact health centers and the communities they serve. Through facilitated sessions, participants will also explore and build their own leadership skills. Individuals who complete LDP will earn a "Certificate in Community Health Leadership." The program will run from 10/9/2020 through 5/4/2021.

Bi-State is Hiring: Project Coordinator Health Professions Education and Training

Bi-State Primary Care Association seeks an energetic self-starter to join our mission-driven team. The Project Coordinator, Health Professions Education and Training, will provide training and technical assistance to 28 Community Health Centers across Vermont and New Hampshire. Join us to foster the development of new health center-based education and training programs. This includes supporting health centers in implementing health professions education and training through establishing strategic partnerships between community colleges, four-year colleges, and universities and health centers. This new program will enhance Community Health Centers' capabilities to recruit, develop, and retain their workforce by exposing health and allied health professions students, trainees, and residents to education and training programs at health centers. For more information, please click [here](#).

MEETING NOTES:

CFO Meeting Call Notes (9/24/2020)

Georgia Maheras (abbreviated GJM) began the call with three key points.

1. FFCRA regulation: New guidance has been issued on FFCRA related to which employers/employees can be exempt from the benefit. Previously, the language broadly listed “health care providers” as exempt. The new interpretation is more narrow, exempting only those employees of health care providers who directly support patient care. The impact is that health centers and other health care providers may now have some staff who must be offered this benefit.
2. H8C/D/E Reporting: Starting 10/1, the EHB portal will be open for H8C/D/E funding. Deadline is 10/12.
3. Provider Relief Fund (PRF) Reporting Guidance Released: HRSA has released [guidance](#) for provider relief funding reporting. The first report is due 2/15/2021. If you haven’t expended all funding by end of 2020, you would be able to expend funding through 6/2021, with a second report due in July 2021.

Mary Dowes (from BerryDunn, abbreviated MD) provided additional commentary about the Provider Relief Fund (PRF) reporting guidance:

HHS issued the guidance on 9/19. There are many elements of the guidance that are not clear. BerryDunn and others are still digesting the guidance and will be putting forward questions to be answered in a later FAQ. A few highlights from the guidance include:

- There is now a separate [webpage](#) addressing auditing and reporting requirements. This is where they will be posting FAQs and webinars.
- Allowable uses of funds include direct COVID expenses and lost revenues. Lost revenue is linked to net income, and net income is defined as patient care revenue less patient care expenses. Patient care is defined as health care services and supports. We believe that your grants, overheads, etc., are all supports for your health services.
- They’ve modified the calculation for how to define lost revenues. It is now completely different.
- There is a perceived potential limitation/interpretation around order of spending... The biggest issue is what is the definition of lost revenue. Lost revenue is now being tied to net operating income. Specifically, the calculation will be the extent to which CY20 net operating income is less than CY19 net operating income, because in theory your net income has decreased as a result of COVID. That net change is your lost revenue. You can use PRF to cover lost revenue, up to your CY19 gains. E.g., if you made \$100K in CY19, and you lost \$100k in CY20 (so there is a difference of \$200K), and if you received \$150K in PRF, then you can recognize that full \$150K (because $\$150K < \$200K$). Remember, this is net income, not net patient revenue. As net income, it is inclusive of all grants, etc.

The meeting then launched into a Q&A, with questions grouped thematically, below:

Provider Relief Fund Reporting Guidance

Q (FQHC): Our FQHC lost money in CY2019...

A (MD): If you had a loss in CY19, you can recognize PRF up to a breakeven.

Q (FQHC): We received the Cares Act funding, which was a huge percentage of our total budget. I am a little worried we won't be able to keep any PRF money...

A (MD): This is possible. They've said all along that you can't use PRF for costs that are going to be paid for or are obligated to be paid for by other sources. This is also an issue with the PPP. You will need to back out portions of the PPP from your PRF calculations, so you are not double-dipping.

Q (FQHC): We've allocated expenses to each. Mortgage isn't allowable to anything else; we were planning to charge it to PRF. We are going to have to regroup on this before we finalize our audit...

A (MD): You will absolutely want to utilize your financial advisors throughout this process. The methodology can benefit some, but it can also hurt some. And the guidance is completely different from what they had previously said.

Q (FQHC): Are these federal or state guidelines?

A (GJM): These are federal guidelines.

Mary Dowes spoke further about the reporting requirements. She noted that they are asking for a lot of data elements. Some are statistical (FTEs), that don't directly have anything to do with the dollars. You will need to report on your health care cost vs administrative costs. They will want this reporting by CY quarter. The submission portal won't open until 1/15/2021, and the deadline will be 2/15/2021. You should begin pulling this together now.

Q (FQHC): Just to confirm, does net income includes grants? Is it limited to just what we've recognized as revenue?

A (MD): Yes.

Q (FQHC): If we do quick numbers and figure out that we're going to have to give this money back, do we have to jump through these reporting hoops?

A (MD): We've discussed this internally. B/c you've received the funds, we believe you would have to report regardless (at least according to the current guidelines). This is something we will ask for further clarification on.

A (GJM): But we also want to remember that Congress was really proud to give you and the other health care providers this CARES Act funding. Bi-State would want to work with you if you'll be turning back the money to make sure that the Members of Congress know we appreciate their effort.

Q (FQHC): Can we advocate for bumping the deadline later? UDS is due on 2/15.

A (GJM): Yes, we can ask. We will also note that health care providers may have a claims runoff issue with a 2/15/2021 deadline.

Q (FQHC): For those of us with 330 grants that end later in the year, should we be strategic in how we recognize the revenue?

A (MD): Yes. Also, for NH FQHCs, the MCO rate increases were retro to 9/1. You will probably want to allocate the MCO payments into 2019 to the extent possible. You will want your General Ledger to match your reporting to the extent possible. PRF dollars will be subject to UG and OIG audits.

Q (FQHC): But anyone with a 9/30 FY end will need to recognize all of that money in FY20...

A (MD): If you are able to recognize the dollars in October 2019 you are still putting it back to the previous calendar year.

Q (FQHC): Are we sure that grants are considered revenue in the net income calculation? There is a footnote excluding tuition and grants...

A (MD): We will want to ask for clarification in a FAQ about this language. The footnote is likely referring to tuition and grants as expenses (e.g., b/c some organizations give out grants).

A (GJM): Remember about audits. OIG will audit CARES Act funding. This could also be a major program for your regular audit. Also, remember that you can use CARES Act funding to pay for consultants, etc., to help with this reporting.

Q (FQHC): What is a direct COVID expense?

A (MD): This is anything related to preventing, preparing for, and responding to COVID. So this would include staff members taking temperatures at your doors. It could be direct care providers. It could be administrators. For staff not working 100% on COVID, you would need to track time and effort. If staff are 100% dedicated to COVID, they could do an attestation.

Q (FQHC): Dental visits used to be 30 minutes, now they are 60 minutes (to account for increased cleaning, etc.). How do you account for this expense?

A (MD): In theory, that would result in lost revenue and would be captured there. But there is also an argument for it to be a COVID related expense. I am concerned that the definition of "health care services" from the regulations says "provided in a medical setting, at home, or in the community." We will want to make sure that "medical" includes "dental."

FQHC: It will be really hard to back out the dental... so very cumbersome.

Q (FQHC): FEMA describes this as only the marginal costs. Does PRF have the same language in this area? Our FQHC had to cut expenses during COVID and shifted employees to other COVID-related duties as needed. If it is in your budget and you haven't increased your expenses (the staff person still makes \$25K)...

A (MD): The latest guidance modifies the language a little bit. Now the language says these are actual expenses incurred over and above what is reimbursed by other sources. Also, you still have the opportunity to draw down funds for lost revenues.

Q (FQHC): If you look at what your employees are doing, if they are doing something related to COVID and would have otherwise been subjected to a furlough, etc., that should count as a COVID-related expense. (e.g., for staff screening at the door)...

A (MD): We'll want to ask whether the new guidance supersedes the previous language about marginal costs.

Q (FQHC): How do you account for pharmacy revenues?

A (MD): It allows for 340B pharmacy revenues, but not retail pharmacy revenues.

Q (FQHC): We analyze what % of providers are using which pharmacy, and I carve out a piece of it for these reports...

Q (FQHC): They are telling us they are going to audit. Is there guidance yet on how they are going to

audit it?

A (MD): It is open for potential OIG audit. They have said that there will be an addendum that will provide some additional guidance for the single audit.

Q (FQHC): But we can't create reports yet b/c we don't know what we're creating them to measure...

A (GJM): I just scanned the [OIG Work Plan](#), and looked for the recently added information – not a lot listed. This is a place to check in the future.

Q (FQHC): How does 330 funding figure into the “Net Patient Income?”

A (MD): Patient care means health care services and supports. The 330 funding is a “support.”

Q (FQHC): Are we questioning what the “other support” means?

A (MD): Yes, we will ask whether the tuition/grants is referring to expenses or revenues.

Georgia Maheras also noted that footnote 6 has language about the executive salary cap, that might be lower than what some personnel make. This is another thing that will have to factor into calculations.

Q (FQHC): We had to hire several BH providers to handle all the stress in the communities and our schools. We hired social workers for the schools. Is this a COVID-related expense?

A (MD): It is “preventing, preparing for, and responding to COVID.” So this counts.

Q (FQHC): Where did you find several social workers?

A (FQHC): We are attracting them like flies...

Q (FQHC): If you can draw on your 330 grant on a monthly basis, but you don't draw on it for 5 months, the red flags might go up...

A (MD): True. Since the dollars are both from HRSA, FQHCs might attract extra attention.

Q (FQHC): In order to get to a breakeven, would it be appropriate to pay off a couple of mortgages?

A (MD): That is a good question. They previously included the language that lost revenues made whole by the PRF could be utilized to pay for mortgage, but the new guidance doesn't factor this into the equation, so I am concerned about this. You'll want to talk with your financial advisors.

Paycheck Protection Program

Q (FQHC): Has anyone submitted a PPP forgiveness app yet?

A (FQHC): Ours is in progress.

A (FQHC): Ours has been submitted, but the lender hasn't determined forgiveness yet.

A (GJM): The timeline may be long. The application first goes to the local lender, who has 60 days. Then it goes to the SBA, who has 90 days. So it might take 5 months to determine if you have gotten the forgiveness or not.

Q (FQHC): Someone on VPR was saying we should hold off b/c there might be Congressional action...

A (FQHC): Our lender indicated potentially future changes, but those might be for smaller dollar amounts (<\$150K). **Clarification on this point: There is some consideration that the forgiveness process for those organizations receiving less than \$150k will be easier/simplified. If an organization is in the category and submits their forgiveness application, they will be tracked through the regular**

process and not benefit from a potential simpler process. It is unclear when the decision around this will be made.

Mary Dowes noted that the form has a three step verification process. If you elected the 24-week period, there may be some benefit to waiting to the end of the period. If you have any reduction in FTEs, that will come off of the expense, not the loan amount.

Q (FQHC): If we don't recognize the PPP, what's the latest we can push it? Can we push it past the end of the year so it doesn't go against us for PRF?

A (MD): Even if you don't recognize it as revenue, you will need to take it out of the calculation for PRF. B/c those expenses would be obligated to be paid for under PPP.

Q (FQHC): Would that apply for all of our grants? All of our grants obligate money...

A (MD): Under the PPP, you utilized expenses that the PPP already paid for. You don't have the revenue yet in your P&L b/c the loan hasn't been forgiven.

Georgia Maheras concluded the meeting, noting that Bi-State would alert members to any future webinars, updated guidance, etc. Bi-State is also working with BerryDunn to submit questions for further clarification.

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