



OPPORTUNITY ALERT

American Rescue Plan: \$8.5B Covid-19 funding relief for rural and other qualified providers

Summary

The American Rescue Plan (“ARP”) provides \$8.5B of relief for rural hospitals, nursing homes, home care, physicians and certain other qualifying rural health care providers. The existing guidance is limited but suggests there will be funding available to further support facilities who have existing Covid-19 related short falls due to either or both lost revenues and Covid-19 related expenses.

The guidance suggests there will be an application process. However, due to the limited funding involved and the expectation that requests will be larger than the allotted funding, it is imperative the providers adequately capture ALL Covid-19 related lost revenues and additional expenses.

Many providers are at risk of missing their fair share of such funding due to lack of knowledge/ insight and/or inherent resource limitations (bandwidth, technical, etc.) **We can help you.**

Freed Maxick can be of valuable assistance in the following ways:

- 1** Utilizing our vast knowledge of Covid-19 funding streams and regulations obtained by our research team and from working with dozens of clients we offer leading edge insight;
- 2** Facilitating a brainstorming discussion with management to identify potential opportunities not previously considered, assessing the legitimacy of such opportunities, and assessing the range of potential value;
- 3** Assisting management in documenting and justifying lost revenues and / or Covid-19 expenses to support a robust grant application result as well as future audit requests.

Trust earned.



Key considerations – The benefits of taking a Deep Dive

Consider that the pool is limited to \$8.5B. Assuming that grant applications will exceed the total pool, then applicants will only receive a fraction of their application. Many providers had revenue losses far in excess of their allotted provider relief fund payments. Certification to HHS to retain these funds was relatively straightforward (Revenue losses > PRF received = Retention). There was not necessarily a need to do deeper analysis of lost revenues and/or Covid-19 expenses due to the magnitude of lost revenues alone.

However, this pool represents an opportunity for providers with legitimate shortfalls in relief funding to close the gap even further. To make the best of this opportunity, providers should critically re-examine their calculations of lost revenues and Covid-19 expenses to ensure that they get paid their fair share of this pool. **This may be your last chance to obtain significant funding relief.**

The example below illustrates the value from a deep dive analysis and enhancing your pool application:

Example pool distribution: Before and after a “Deep Dive” analysis

ABC RURAL HOSPITAL EXAMPLE	BEFORE	AFTER	BENEFIT
Lost revenues (unfunded)	\$10,000,000	\$11,000,000	
Expenses (unfunded)	<u>2,000,000</u>	<u>3,200,000</u>	
Total unfunded lost revenues and Covid-19 expenses	\$12,000,000	\$14,200,000	
Total pool funds available	\$8,500,000,000	\$8,500,000,000	
Value of applications filed	\$12,000,000,000	\$12,000,000,000	
Fractional rate	71%	71%	
Funded to ABC Hospital	\$8,500,000	\$10,437,000	\$1,937,000

Potential results

In this example, ABC Hospital is a qualified rural provider. Prior to applying for this ARP pool payment, ABC had identified \$12M of previously unfunded lost revenues and Covid-19 expenses. Those previous estimates were done hastily and with less than ideal rigor due to the emergency situation. Hindsight is 20/20. In doing a deeper dive, ABC identified another \$2.7M of unfunded lost revenues and Covid-19 expenses to include on its grant application. The \$8.5B pool was insufficient to cover all applicants requests dollar for dollar and thus each applicant received only 71% of their requests. By doing a deeper dive ABC increased their share of funding by \$1.9M.

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