In response to the novel coronavirus (COVID-19) pandemic, President Trump declared a national emergency on March 13 to activate federal assistance and provide financial relief to hospitals and other healthcare organizations based on the Stafford Act. This act allows the federal government to provide COVID-19 funding to state and local governments so they can provide help to offset increased expenses while hospitals provide care to COVID-19 patients.

It also allows the Trump administration to activate the Federal Emergency Management Agency (FEMA) to assist state and local governments in the following ways:

- Provide up to $50 billion to states to combat COVID-19
- Allow states to request 75% federal cost-share for COVID-19 related expenses. This requires execution of a FEMA-state agreement. Local governments can apply through their respective states.

- No duplicate assistance for services provided by the U.S. Department of Health and Human Resources (HHS) or the Centers for Disease Control and Prevention (CDC)

Below is a summary of eligible assistance, with a more detailed list of eligible assistance available at [FEMA.gov](https://www.fema.gov)

- Management, control and reduction of immediate threats to public health and safety
- Emergency medical care
- Use of specialized equipment
- Medical waste disposal
- Emergency medical transport
- Medical sheltering

Due to COVID-19, hospitals are seeking ways to create inpatient capacity. This executive order gives HHS Secretary Alex Azar the ability to provide relief by waiving many limitations on healthcare providers for services related to COVID-19. Per the Centers for
Medicare & Medicaid Services (CMS), some of those available waivers include:

**SKILLED NURSING FACILITIES**
- Waving the 3-day prior hospitalization required for skilled nursing care
- Beneficiaries whose benefits have been exhausted can renew that coverage without starting a new period
- Minimum Data Set timeframe requirements for assessments and transmission are suspended

**CRITICAL ACCESS HOSPITALS**
- Critical Access Hospitals do not have to abide by the 25-bed limitation of concern for smaller, rural hospitals
- The 96-hour length of stay limitation is suspended

**EXCLUDES DISTINCT PART UNITS (PSYCH UNITS OR REHAB UNITS)**
Generally, an acute patient could not be admitted to psych or rehab units. However, considering the crisis, hospitals can place a patient here, receive payment and otherwise increase bed capacity.
- Acute care hospitals may admit acute care patients into the distinct unit’s beds
- The inpatient hospital should add notes to the medical records identifying the patient is admitted to the excluded unit due to the COVID-19 emergency due to capacity issues.

**PROVIDER LOCATIONS**
- Waive requirements for out-of-state providers to be licensed in the state they provide services. Normally a physician can’t practice in another state if he/she is not licensed there.
- Applies to Medicare and Medicaid

**PROVIDER ENROLLMENT**
- Toll free line for practitioners to receive Medicare billing rights on a temporary basis
- Waive certain screening requirements
- Expedite new applications

**COVID-19 RELIEF PACKAGES**
The first relief package, the [Emergency Funding bill](#), signed earlier this month for $8.3 billion, provides aid to government health and vaccine research and development. Per CNBC, this package included:
- Payments for prevention efforts
  - Quarantine costs
  - Sanitization efforts
  - Tracking of the virus
- $3 billion in vaccine research
- Payments to states through grant funding based on a population-based CDC formula

The second relief package, the [Families First Coronavirus Response Act](#), was a $100 billion aid package with provisions for emergency paid leave for workers and free testing. This package included:
- Two weeks of paid leave for organizations with fewer than 500 employees
- $1 billion increased funding for food assistance programs
- Testing for COVID-19
  - Waives all patient cost-sharing for COVID-19 tests
  - Applies to Medicare, Medicaid State Children’s Health Insurance Program (SCHIP), Tricare, Veterans Administration and Indian Health Services
  - Medicare covers 100% of payment for COVID-19 tests
  - Prohibits prior authorization for COVID-19 testing
  - Medicaid eligibility to the uninsured for COVID-19 testing
  - Increases federal matching funds for Medicaid program by 6.2%

The third relief package, the [Coronavirus Aid, Relief and Economic Security (CARES) Act](#), provides more than $150 billion to the healthcare system, including $100 billion to hospitals, and includes these important measures:
- Suspends 2% sequestration reduction in Medicare payments, beginning May 1 and lasting through Dec. 31, 2020.
- Increases Medicare payments by 20% for coronavirus cases for discharges with principal or secondary diagnosis of COVID-19. The weighting factor for each diagnosis-related group will be increased by 20%. This increase will be for COVID-19 cases during the emergency period (beginning March 13 and ending when the national emergency is declared over).
- Provides accelerated payments through Medicare periodic lump sum payments to hospitals up to 100% and for critical access hospitals up to 125% for a six-month period. This would be a loan allowed to be repaid twelve months from the date of first payment.
- Delays Medicaid Disproportionate Share Hospital payments from May 22, 2020 to November 30, 2020.
- Provides cash flow for the financial impact from halting elective and non-urgent procedures.

**REIMBURSEMENT OF COVID-19 EXPENSES**
Increased expenses and lost revenues will be enormous due to this pandemic. Hospitals and physicians will lose revenue from elective and non-urgent procedures that bring in higher margins, as they are postponed or canceled. While to date there is not much guidance on how these expenses need to be reported, hospitals should consider certain tasks when identifying the associated expenses.
costs, based on experiences with past emergency responses and subsequent funding:

- As possible, segregate costs associated with the pandemic by identifying a cost center to charge items procured specifically in response to COVID-19 preparation and response.
  - Set up COVID-19 units if possible or as soon as possible to be able to capture all associated costs.
  - If not able to segregate costs, healthcare organizations will need to properly code COVID-19 cases as outlined below to develop an allocation method to identify estimated costs for patients and resources.
- Properly code COVID-19 cases per the guidelines of the American Association of Professional Coders
  - For confirmed cases of COVID-19, use B97.29
  - Code B97.29 should be used as an additional code if the virus is the cause of other diseases such as pneumonia coded to J12.89, or sepsis coded to A41.89
  - For patients determined to be infected with coronavirus associated with SARS, use code B97.21
  - For contact with and suspected exposure to other viral communicable diseases from an encounter with a COVID-19 infected patient, use code Z20.828
  - The code B34.2 – Coronavirus infection, unspecified—should not be used because the virus is a respiratory illness and is not unspecified
  - The World Health Organization (WHO) has released emergency use of ICD codes for 2019-nCoV. The Emergency ICD-10 code U07.1 should be assigned to diagnosis of 2019-nCoV acute respiratory disease. This code will be available April 1, 2020.
  - CMS issued a press release for testing for COVID-19, and when using the CDC 2019 Novel Coronavirus Real Time RT-PCR Diagnostic Test Panel, HCPCS code U0001 should be used. This code is specifically used to test patients for SARS-CoV-2.
  - CMS instituted a new HCPCS level II code for non-CDC lab tests for SARS-CoV-2/2019-nCoV (COVID-19), U0002
  - These codes will be accepted in Medicare claims beginning on April 1 for tests billed from Feb. 4, 2020 forward. Administrative contractors will develop the amount for reimbursement on these claims until CMS establishes a national payment rate.

It’s important to note that although hospitals should be prepared to file claims with appropriate insurers for coverage of hospitalization and other care delivery, hospitals should also closely monitor denials from insurers. Such denials may occur as insurers react to a relaxation of state and federal guidelines. They may be converted to other funding sources if the hospital is unable to collect appropriate revenues for care delivery.

**HOW TO TRACK EXPENSES AND REVENUE LOSS FOR COVID-19 REIMBURSEMENT**

Hospitals, health systems and physician groups should be prepared to understand and document expenses incurred, as well as lost revenues associated with deferred or cancelled procedures or visits, in anticipation of the ability to access numerous funding sources including direct federal aid (through FEMA, CARES Act and federal matching programs), to secure bank loans against promised federal support, and through business interruption insurance claims and other funding mechanisms.

The CDC’s Disaster Preparedness Budget model can be utilized to anticipate, respond and recover from catastrophic events. The model outlines different buckets of expenses healthcare organizations should strive to identify for reimbursement. This model can be adopted to track expenses in the different categories. No guidance has been given at this time on whether the HHS will use this model, but given it is an approach set forth by one of its agencies, it’s recommended hospitals and physicians follow it for the time being.

**BDO TAKEAWAYS:**

- The healthcare system is in an unprecedented situation. The COVID-19 crisis will cause bed capacity issues, additional staffing shortages, medical supply shortages and increased expenses while providing services to patients. With COVID-19 disrupting healthcare, it exacerbates an already challenging financial outlook for healthcare organizations under intense financial pressure. As COVID-19 financial impacts continue to evolve, hospitals will feel increased pressure to identify ways to protect current reimbursement and identify new reimbursement avenues to maintain sustainable margins.

- The Trump administration has provided aid, prompting Congress to enact several relief packages and CMS to relax regulations. Providers must maintain records of expenses and lost revenues attributable to COVID-19, code COVID-19 cases appropriately and seek proper reimbursement through the appropriate channels through local and state government, CMS and FEMA.

- The situation is evolving on a day-to-day basis. Hospitals will need to monitor communications from the Trump administration, CMS, FEMA, HHS, CDC, the WHO and their state health departments for additional sources of COVID-19 funding and guidance on how to obtain it.
TO LEARN MORE ABOUT HOW YOUR ORGANIZATION CAN NAVIGATE THROUGH THESE PROPOSED CHANGES, REACH OUT:

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