

ANALYSIS

Item 28: Oregon Department of Veterans' Affairs Provider Relief Fund

Analyst: Zane Potter

Request: Approve, retroactively, the submission of a federal grant application of an indeterminant amount to the U.S. Department of Health and Human Services (HHS) for reimbursement of Oregon Veterans' Homes expenses or lost revenues resulting from the COVID-19 pandemic.

Analysis: The Oregon Department of Veterans' Affairs (ODVA) requests retroactive authorization to apply for a grant administered by HHS for one-time relief funds available to healthcare providers. The grant opportunity was announced on September 10, 2021. ODVA provided notice of intent to apply on September 23, 2021 and the submission deadline was October 26, 2021. The grant provisions did not allow entities to apply for a specified dollar amount and HHS will determine payment amounts after all applications have been evaluated.

A total of \$25.5 billion is available through \$17 billion from the Phase 4 General Distribution of the Provider Relief Fund, authorized by the CARES Act, and \$8.5 billion in American Rescue Plan Rural Program funds. The Phase 4 funds offer financial support to healthcare providers for expenses and lost revenues attributable to COVID-19 pandemic, and the Rural Program funds are specifically for providers serving rural patients covered by Medicare or Medicaid.

From the start of the pandemic, through August 31, 2021, the Oregon Veterans' Homes resident census levels have decreased by approximately 20%, reducing revenue by approximately \$4.8 million. Additionally, the Veterans' Homes have realized an increase of roughly \$2.3 million in COVID-19 related expenses. This includes additional Personal Protective Equipment purchases, testing for residents and staff, more stringent prevention measures, and increased staffing. ODVA has previously been the recipient of \$2,506,450 of HHS distributions from the Provider Relief Fund.

Award notifications are anticipated in November or December 2021. No matching funds are required and ODVA does not anticipate needing any additional FTE to administer the grant. Any amount received by ODVA will be recognized in ODVA's next budget rebalance.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means approve the request.

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Oregon Department of Veterans' Affairs
McDonald

Request: Retroactive authorization to apply for a grant from the U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration, to provide financial assistance to healthcare providers for expenses and lost revenues related to the coronavirus (COVID).

Recommendation: Approve the request.

Discussion: The Oregon Department of Veterans' Affairs (ODVA) requests retroactive authorization to apply for a grant administered by HHS and supported by two separate federal funding streams. Through this grant, a total of \$25.5 billion in one-time relief funds will be available to healthcare providers. This includes \$17 billion for the Phase 4 General Distribution of the Provider Relief Fund, authorized by the CARES Act, and \$8.5 billion in American Rescue Plan Rural Program funds. The Phase 4 funds offer financial support to healthcare providers for expenses and lost revenues attributable to COVID, and the Rural Program funds are specifically for providers serving rural patients covered by Medicare or Medicaid.

The grant opportunity was announced on September 10, 2021, ODVA provided notice of intent to apply on September 23, 2021, and the submission deadline was October 26, 2021. The grant provisions did not allow entities to apply for a specified dollar amount. Instead, applicants will receive awards based on revenue losses and COVID-related expenditures, as well as services provided to Medicaid and Medicare patients. Final awards will only be determined after all applications have been received and reviewed.

From the start of the pandemic, through August 31, 2021, the Oregon Veterans' Homes resident census levels have decreased by approximately 20%, reducing revenue by approximately \$4.8 million. Additionally, the Veterans' Homes have realized an increase of roughly \$2.3 million in COVID-related expenses. This includes additional personal protective equipment purchases, testing for residents and staff, more stringent prevention measures, and increased staffing. While this financial impact provides context, a grant amount is difficult to estimate, because it is unclear what calculations and components HHS may consider, and the needs of other applicants are unknown. Award notifications are anticipated in November or December 2021. No matching funds are required and ODVA does not anticipate needing any additional FTE to administer the grant. If ODVA is awarded, they will request an increase in Federal Funds expenditure limitation commensurate with the grant award.



Oregon

Kate Brown, Governor

Department of Veterans' Affairs

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October 22, 2021

The Honorable Elizabeth Steiner-Hayward, Co-Chair
The Honorable Betsy Johnson, Co-Chair
The Honorable Dan Rayfield, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairs:

Nature of Request

The Oregon Department of Veterans' Affairs (ODVA) requests retroactive permission to apply for a grant from the United States Department of Health and Human Services (HHS), through the Health Resources and Services Administration (HRSA). The grant relates to Phase 4 of the General Distribution of the Provider Relief Fund, which is intended to offer financial support to healthcare providers for expenses and lost revenues attributable to the coronavirus disease (COVID-19). Additionally, the grant includes American Rescue Plan funds, which is intended to be distributed to service providers furnishing services to Medicaid and Medicare beneficiaries living in rural areas.

Background

On September 23, 2021, ODVA provided notice of its intent to apply for federal funding from HHS in a single application for both the Phase 4 of the General Distribution of the Provider Relief Fund and the American Rescue Plan funds. HHS will be distributing up to \$17 billion in Phase 4 of the General Distribution of the Provider Relief Fund as part of ongoing efforts to offer financial support to healthcare providers for expenses and lost revenues attributable to the coronavirus disease (COVID-19). Additionally, HHS will be distributing up to \$8.5 billion in American Rescue Plan funds to service providers furnishing services to Medicaid and Medicare beneficiaries living in rural areas.

Due to COVID-19, the Oregon Veterans' Homes have experienced increased costs due to purchases of additional Personal Protective Equipment (PPE), testing of residents and staff, more stringent infection prevention measures, and increased staffing. Additionally, resident census levels decreased by approximately 20% during the pandemic period, which has had a

significant impact on revenues. Receipt of federal funds would help offset the increased costs and loss of revenue.

ODVA has previously been the recipient of \$2,506,450 of HHS distributions from the Provider Relief Fund. ODVA was a recipient of these funds due to the Veterans' Homes 1) existing Medicaid and Medicare certification, which automatically qualified the Veterans' Homes as entities to receive funding; and 2) successful application for additional funding. However, in order to be eligible for Phase 4 General Distributions from the Provider Relief Fund and the American Rescue Plan funds, ODVA was required to apply for funding.

HHS did not allow entities to apply for a certain dollar amount. Applicants will be eligible to receive payments based on revenue losses and COVID-related expenses. Payments will also take into account services provided to Medicaid and Medicare patients. HHS will determine final payment amounts for applicants after all applications have been received and reviewed.

The opportunity to apply for federal funds was announced on September 10, 2021, and the deadline to submit an application is October 26, 2021. ODVA intends to submit the grant application prior to the deadline and anticipates notification of a grant award in November or December 2021.

No State matching funds are required for this grant and ODVA does not anticipate needing any additional FTE to administer the grant.

Action Requested

ODVA requests retroactive permission to apply for the HHS grant for Phase 4 Provider Relief Funds and American Rescue Plan funds. If Provider Relief Funds or American Rescue Plan funds are awarded, ODVA will request increased Federal Funds expenditure limitation.

Legislation Affected

None.

Sincerely,

A handwritten signature in blue ink that reads "Kelly Fitzpatrick".

Kelly Fitzpatrick
Director