

# Federal Recovery Programs for Healthcare Organizations

July 2019

Each year healthcare facilities are directly impacted by disasters. Pre-disaster planning is critical to ensure effective post-disaster recovery. An underemphasized but key component of any disaster plan are the organization's financial and administrative preparedness capabilities. The federal government can provide relief to organizations (including healthcare organizations) via direct reimbursement for expenses and damages and disaster-related loans. This tip sheet provides an overview of eligibility factors, program/grant requirements, and pre- and post-disaster federal financial opportunities for healthcare facilities.

## Pre-Disaster Preparedness Activities

Healthcare facilities and institutions should have plans developed that will support mitigation and preparedness measures that reduce vulnerabilities and provide a coordinated disaster response and recovery operation. Plans should be exercised to test coordination, communication, and implementation of policies and procedures well in advance of a disaster. As part of this process, healthcare facilities should also consult with their insurance carriers to ensure a complete understanding of insurance coverage and procedures for submitting disaster-related claims.

The U.S. Department of Health and Human Services (HHS) Office of the Assistant Secretary for Preparedness and Response (ASPR) [website](#) provides links to pre-and post-disaster funding planning resources. The Hospital Preparedness Program is administered through 62 recipients with an emphasis on public health and hospital system preparedness through constructs such as healthcare coalitions (HCCs) – cooperative planning and response partnerships between hospitals, public health, emergency medical services, and emergency management. All HCCs should have a Recovery Plan drafted that addresses community-level disaster recovery efforts, roles and responsibilities, and coordination processes.

## Resources:

- [2017-2022 Health Care Preparedness and Response Capabilities](#)
- [ASPR TRACIE Healthcare Coalition Recovery Plan Template](#)

## Post-Disaster Programs

### *What is the FEMA Public Assistance Program?*

The Federal Emergency Management Agency (FEMA) Public Assistance Program provides federal assistance to government organizations and certain private, non-profit organizations, following a Preliminary Damage Assessment (PDA) and a Presidential Disaster Declaration (FEMA, 2018). The program provides grants to state, tribal, territorial, and local governments and certain non-profit organizations to support communities in quickly responding to and recovering from major disasters or emergencies. FEMA also encourages protection of these damaged facilities from future events by providing assistance with hazard mitigation measures during the recovery process.

### *Is my healthcare organization eligible for the reimbursement through the Public Assistance Program?*

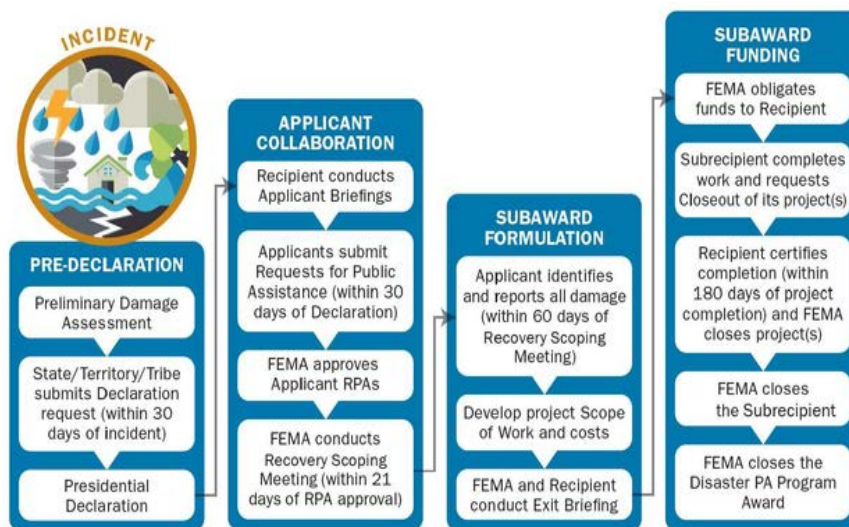


Figure 1 FEMA Public Assistance Program General Overview Flowchart

Private non-profit organizations with an “effective ruling letter from the U.S. Internal Revenue Service, granting tax exemption under sections 501(c), (d), or (e) of the Internal Revenue Code of 1954, or satisfactory evidence from the State that the non-revenue producing organization or entity is a nonprofit one organized or doing business under State Law” are potentially eligible for this type of reimbursement.<sup>1</sup>

In addition, facilities must

demonstrate they provide a critical service such as education or utility, emergency, or medical services. Private, for-profit healthcare corporations are generally not eligible for this type of assistance. .

<sup>1</sup> Federal Emergency Management Agency. (n.d). [Public Assistance Fact Sheet](#). (Accessed 7/19/19)

Private Non-Profit (PNP) and state or county-operated healthcare facilities are eligible for reimbursement if they are located in the [declared disaster area](#) and provide emergency medical care (diagnosis or treatment) of mental or physical injury or disease.

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*Charity Hospital in New Orleans obtained a \$475 million arbitrated reimbursement for damages after Hurricane Katrina in 2005.*

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Eligible facilities include:

- Clinics
- Facilities that provide in-patient care for convalescent or chronic disease patients
- Hospices and nursing homes
- Hospitals and related facilities such as,
  - Central service facilities operated in connection with hospitals
  - Extended-care facilities
  - Facilities related to home-health services
  - Laboratories
  - Self-care units
  - Storage, administration and record areas
- Long-term care facilities
- Outpatient facilities
- Rehabilitation centers that provide medical care

**Resources:**

- [FEMA Public Assistance Fact Sheet](#)
- [FEMA Public Assistance Program and Policy Guide](#)
- [FEMA Public Assistance Grant Program Funding Program Briefing](#)
- [Forms of Assistance \(DisasterAssistance.gov\)](#)
- [A Quick Guide: FEMA Reimbursement for Acute Care Hospitals](#)
- [Essential Functions and Considerations for Hospital Recovery](#)

## ***What is the award process for FEMA's Public Assistance Program look like for healthcare facilities?***

FEMA will award the applicant grantee— traditionally the state's office of emergency management or homeland security—the responsibility of administering public assistance grants to the state. Your healthcare facility may be considered a subgrantee and required to comply with all program requirements.

A **grantee** is a state, territorial or tribal government that is responsible for administering public assistance grants. A **subgrantee** is an eligible applicant that receives a public assistance grant as reimbursement for performing eligible disaster work.

### ***Resources:***

- [FEMA Public Assistance Program Policy Tips and Tricks](#)
- [FEMA New Recipients of Disaster Grant Guide 2019](#)
- [FEMA Request for Public Assistance Form](#)

## ***How will my facility be notified about possible FEMA Public Assistance Program opportunities?***

A state representative will conduct an Applicant Briefing Meeting shortly after the disaster declaration with eligible applicants. This meeting allows potential applicants to receive information on eligibility requirements, application process, administrative requirements, funding, program eligibility criteria, and important deadlines. Subgrantees must submit a Request for Public Assistance (RPA) within 30 days or the announced timeframe after their location is designated a disaster area in a Presidential Disaster Declaration. Emergency work documentation and disaster related damage assessments must be submitted by the subgrantee to FEMA within 60 days of their Recovery Scoping Meeting. [This infographic from FEMA](#) provides a visual overview of the Public Assistance Application Process, a description of each meeting, and the timeframe in which it should occur.

Facilities can work with their healthcare coalitions to learn more about these opportunities. Hospitals and healthcare facilities may also need to inquire about these briefings to ensure the state includes them as eligible applicants.

### ***Resources:***

- [FEMA Request for Public Assistance Application Process](#)
- [FEMA Submission of Request for Public Assistance by Applicant](#)
- [FEMA Public Assistance Application Process](#)
- [FEMA Public Assistance Program and Policy Guide](#)
- [FEMA: Public Assistance: Building Back Better](#)
- [FEMA: Private Nonprofit Facility Eligibility](#)

- FEMA: Emergency Medical Care and Medical Evacuations (allowable costs)
- FEMA Case Study: NYU Langone Medical Center: Superstorm Sandy

### ***Who from my facility should attend the Recovery Scoping Meeting?***

The Recovery Scoping Meeting occurs after a facility has submitted a request for public assistance and is an in depth meeting to review damage, get documentation, develop potential projects, and discuss priorities. It is strongly encouraged that each potential applicant send a multidisciplinary team from your facility to the meeting. At the very least, the organizational representative(s) who will be responsible for processing the documentation required for reimbursement should attend. This team could comprise management, emergency management, safety, risk management, and/or accounting/finance staff. Further, CEOs, senior leaders, managers, etc. from a requesting facility could benefit from the meetings and bring critical information with them ultimately leading considerations and potential reimbursement opportunities.

### ***How can my facility prepare for potential FEMA reimbursement?***

Prior to any event, it is imperative that healthcare facilities develop policies and procedures for capturing disaster-related expenses such as staff labor costs, supplemental materials, volunteer hours (such as NGOs) and assessing, documenting and photographing (where appropriate) damages. Having a process in place to quickly set up disaster-specific cost centers or having pre-printed or electronic disaster purchase orders will assist greatly in tracking and documenting expenses and improve the chance of reimbursement. Facilities should also document “normal” daily expenditures and usage to ensure there is adequate justification for “disaster-related” costs when seeking reimbursement. An estimated scope of work and timelines for completion of proposed projects can also help prepare for reimbursement.

Healthcare facilities could seek reimbursement for [eligible work](#) associated with:

### Category A: Debris Removal

- Debris removal activities, such as clearance, removal, and disposal if the removal is in the public interest based on whether the work:
  - Eliminates immediate threats to lives, public health, and safety;
  - Eliminates immediate threats of significant damage to improved public or private property; and/or
  - Ensures economic recovery of the affected community to the benefit of the community at large.
- For a PNP, eligible debris removal is limited to that associated with an eligible facility, including debris on the property of the eligible facility

### Category B: Emergency Protective Measures

- Emergency evacuations
- Labor costs for emergency mass care or shelter operations
- Overtime pay for permanent, reassigned or temporary employees doing emergency work
- Regular and overtime pay for contractors doing emergency work
- Temporary repairs to the facility or equipment, keeping it functional until permanent repairs can be made
- Emergency protective measures (e.g., provision of shelters/emergency care, sandbagging, bracing/shoring structures, emergency repairs or emergency demolition, and removal of safety hazards)
- Temporary generators

Category E: Buildings and Equipment- FEMA reimbursement will only cover eligible repair costs for items that were damaged by the event, and is a comprehensive process dependent on thorough

## Case Study

A hospital in Florida suffered losses following Hurricanes Frances and Jeanne in 2004 and Wilma in 2005. The hospital was able to receive partial reimbursement for emergency staffing to support emergency evacuation both externally of discharged patients and persons arriving to the Emergency Department who were ineligible for hospital admission but were transported to shelters via ambulance transport. FEMA allowed the hospital to request support for staffing to evacuate critical care units (due to leaking seals on windows and broken windows) and the entire 9<sup>th</sup> floor of inpatients due to roof damage and roof leaks. FEMA also supported reimbursement for purchases of a chainsaw and other emergency equipment, erecting shutters (support for maintenance and engineering staff), and for temporary repairs of serious roof and communication equipment damage. The documentation was very detailed and required damage photos, proof of insurance, retrieval of timekeeping records (for who was working for emergency staffing), for every item purchased on an emergency basis, sheltering costs, for the number of internal and external evacuated patients, etc. Hospital campuses have multiple buildings and reporting and documentation was needed for every damaged one. An organization-wide leadership team assembled all the information and included representatives from emergency management, finance, engineering, human resources, nursing, and maintenance. The hospital suffered \$2 million in damages.

documentation, assessments, and inspection by FEMA representatives to examine repairs. Reimbursement for damaged or destroyed equipment and supplies is permitted as long as the equivalent items are similar in age, condition, and capacity. Repairs could include:

- Facility repairs and any required increased code compliance
- Facility repair costs if they exceed 50% of the replacement cost
- Overtime labor costs, specific to construction
- Permanent work to bring the facility back to pre-disaster condition

If equipment is not repairable, FEMA uses “blue book” values or similar price guides to estimate eligible costs.

Category Z: Management Costs- Management costs are indirect costs, administrative expenses, and other expenses incurred through the administration and management of public assistance awards that are not directly chargeable to a specific project.

**Resources:**





- [FEMA Public Assistance Project Worksheets](#)
- [FEMA Public Assistance and Program Policy Guide](#)

***What Hazard Mitigation Grant funds are available to reduce or eliminate damage to my facility in future events?***

Any medical facility eligible for Public Assistance funding may also be eligible for Section 406 Hazard Mitigation (HM) funding. This funding is available for permanent work (Categories C-G) conducted to mitigate damaged facilities and “build back better”. Mitigation measures must reduce the potential of future, similar damage to the facility, and using technically feasible, cost-effective measures that are compliant with applicable EHP laws, regulations, and executive orders. FEMA recognizes the critical function healthcare facilities provide and encourages applicants to utilize its Benefit-Cost Analysis (BCA) software to assess the potential risks to the facility and benefits mitigation can provide.

While Section 406 Hazard Mitigation funding is provided through the public assistance program for damaged elements of a facility, Section 404 Hazard Mitigation funding is provided through the Hazard Mitigation Grant Program for undamaged portions of the facility in accordance with the state’s hazard mitigation plan. Section 404 and 406 funds may be used together to improve facility resiliency for similar future events but may not be used for duplicative work. This chart is taken from page 97 of the [FEMA Public Assistance Program and Policy Guide](#) which indicates the different hazard mitigation funding streams available from FEMA.



Stafford Act Section <b>406</b>	Stafford Act Section <b>404</b>	National Flood Insurance Act of 1968 <b>NFIA</b>	Stafford Act Section <b>203</b>
PA Programs	HMA Programs		
<b>Disaster-related programs</b>  <b>PA:</b> Mitigation of incident-caused damage  Funding: Available for disaster-damaged facilities only*	<b>Disaster-related programs</b>  <b>HMGP:</b> Multi-hazard, statewide mitigation  Funding: Available for damaged and non-damaged facilities based on a percentage of dollars obligated to the PA and IA programs	<b>Non-disaster-related programs</b>  <b>FMA:</b> Flood mitigation for insured properties  <b>PDM:</b> Multi-hazard, project-specific	
NOTE: PA = Public Assistance HMA = Hazard Mitigation Assistance HMGP = Hazard Mitigation Grant Program FMA = Flood Mitigation Assistance PDM = Pre-Disaster Mitigation IA = Individual Assistance			

\* See exception for Alternative Procedure Projects in Chapter 2, Section VII.G.4(c).

Figure 2. Hazard Mitigation Funding Streams

A separate FEMA Pre-Disaster Mitigation (PDM) Program also provides funds to states, territories, tribes, and local governments to improve all-hazard resiliency prior to an event. Applicants such as hospitals *may be* eligible to receive funds through their governmental jurisdictions. Each jurisdiction considers the needs and ideas of the stakeholders and submits a yearly proposal for use of these funds.

## Resources

- CDC's Disaster Preparedness Budget Model
- Essential Functions and Considerations for Hospital Recovery
- A Quick Guide: FEMA Reimbursement for Acute Care Hospitals
- FEMA: Pre-Disaster Mitigation Program
- FEMA: Hazard Mitigation Grant Program
- FEMA 543: Design Guide for Improving Critical Facility Safety from Flooding and High Winds: Providing Protection to People and Buildings (2007)
- FEMA 577: Design Guide for Improving Hospital Safety in Earthquakes, Floods, and High Winds: Providing Protection to People and Buildings (2007)
- FEMA P-348, Protecting Building Utility Systems from Flood Damage 2017
- FEMA's Emergency Power Systems for Critical Facilities: A Best Practices Approach to Improving Reliability



## ***What is the Small Business Administration (SBA) Disaster Recovery Loan Program and is my facility eligible?***

The SBA's Disaster Loan Program provides low-interest disaster loans to businesses of all sizes, private non-profit organizations, and homeowners and renters. Loans are designed to cover damages to privately-owned property not covered by insurance or other recovery programs. SBA can provide up to \$2 million in disaster loan assistance to cover physical damages and/or economic injury. In rare cases, SBA can exceed the \$2 million disaster loan limit, if the business is determined to be a major source of employment.

Physical Damage Loans can cover losses not fully covered by insurance and be used to repair or replace:

- Real property
- Machinery
- Equipment
- Fixtures
- Inventory
- Leasehold Improvements

Economic Injury Disaster Loans are working capital loans designed to help small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, and most private, non-profit organizations of all sizes meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster.

[Appendix B](#) includes a case study on SBA assistance to a Desoto Health Rehabilitation in Florida, following Hurricane Irma in 2017.

## ***What is the process for applying for an SBA Disaster Recovery Loan?***

After a major presidential disaster declaration, your organization should first register on [DisasterAssistance.gov](#) and [apply online](#) to receive information regarding your loan eligibility. SBA will conduct a credit check and damage assessment to determine the losses at your facility. A loan officer will work with you to approve or decline your loan request. On average, within five days of signing SBA's loan closing documents, the first disbursement is made. A case manager will work with your organization to review loan conditions and schedule the remaining disbursements until you receive the full loan amount.

## **Resources**

- [SBA's Disaster Loan Program Explained](#)
- [A Reference Guide to the SBA Disaster Loan Program](#)
- [Florida Virtual Business Emergency Disaster Planning Toolkit](#)
- [FEMA's Recovery Resource Guide Spreadsheet](#)

## ***My institution is a for-profit healthcare facility. Do I qualify for the FEMA Public Assistance Program or SBA Loans?***

Private for-profit organizations do not qualify for reimbursement through the Public Assistance process. The SBA provides disaster relief grants and loans to businesses including for-profit healthcare organizations. For-profit healthcare organizations are encouraged to review their eligibility for this program and explore other non-federal disaster relief funding opportunities.

## **Resources**

- [FEMA's Recovery Resource Guide Spreadsheet](#)  
[ASPR TRACIE's Healthcare Coalition Recovery Plan Template](#)

## ***Are there other financial options available to healthcare facilities?***

First and foremost, all healthcare organizations affected by a disaster should work with their insurers to determine what, if any, coverage existed at the time of the loss. In addition, healthcare entities should reach out to their [state or territorial emergency management agency](#) to determine what, if any, state-based or local assistance may be available.

The Office of Healthcare Programs at the U.S. Department of Housing and Urban Development administers mortgage insurance programs for both acute care facilities and residential care facilities. By reducing the cost of capital needed by hospitals and residential care facilities to finance the construction, renovation, acquisition, or refinancing of facilities, these programs improve access to quality healthcare and work to decrease overall healthcare costs. These programs could be used to finance the cost of rebuilding.

Not-for-profit healthcare organizations may have a foundation, and the foundation can ask for donations of support following a disaster.

## **Resources**

- [HUD: Office of Healthcare Programs](#)
- [Capital Assistance for Hurricane Response and Recovery Efforts \(CARE\)](#)

## ***How are hospitals and healthcare facilities reimbursed, on a daily basis, for care provided to patients and how can that change during a disaster?***

The general process for reimbursement from self-pay patients, from insurers, or from Medicare or Medicaid [follows a similar structure](#) for all types of facilities:

- Step 1. Register patients
- Step 2. Establish financial responsibility, including co-pays
- Step 3. Check-in and triage patients
- Step 4. Ensure coding compliance
- Step 5. Ensure billing compliance, including bundling
- Step 6. Check out patients
- Step 7. Prepare and transmit claims
- Step 8. Monitor payer adjudication
- Step 9. Generate patient statements
- Step 10. Follow-up payments and collections

During and after a disaster, healthcare facilities should follow their regularly established billing practices to recoup costs. Facilities should be prepared for uncompensated care costs following a disaster and not rely on federal aid to bridge the gap.

### *Following a Disaster:*

**Loss of revenue:** Lost revenue is not eligible for grant reimbursement through Public Assistance, per [the FEMA Public Assistance Program and Policy Guide in section V.R.1](#). The hospital would have to seek financial recovery from insurance coverage, financing from a loan, or seek philanthropic assistance.

**Reimbursement of specific care:** Operating costs for clinical care are not eligible for Public Assistance grant reimbursement, per the [FEMA Public Assistance Program, and Policy Guide at section V.R.4 and VI.B.2](#)

### **Other activities:**

- **If a specific unit or facility is destroyed, severely compromised or overwhelmed, FEMA may fund extraordinary costs associated with operating emergency services and with providing temporary facilities for emergency medical care of survivors.** The [FEMA Public Assistance Program and Policy Guide](#), section VI.B.9, has more information.
- **Many activities associated with the evacuation of a specific unit or facility would be eligible for reimbursement.** The [FEMA Public Assistance Program and Policy Guide](#), section 10, has more information.

For additional questions contact: [fema-actionoffice-orr-recovery@fema.dhs.gov](mailto:fema-actionoffice-orr-recovery@fema.dhs.gov).

The National Disaster Medical System operates the Definitive Care Reimbursement Program. [This tip sheet](#) provides additional information on the program.

The Centers for Medicare & Medicaid Services (CMS) and many insurers reimburse acute care facilities on a per-discharge basis. If healthcare facilities have questions about reimbursement in the event of an evacuation and transfer of patients, they should contact their regional CMS representatives and the insurers. In addition, CMS may issue 1135 waivers [or other directives](#) in the event of an emergency or disaster and facilities should be prepared to request a waiver, if necessary.

### **Resources**

- [ASPR TRACIE CMS and Disasters: Resources at Your Fingertips](#)
- [CMS: 1135 Waivers](#)
- [FEMA Public Assistance Program and Policy Guide](#)
- [FEMA Policy: Emergency Medical Care and Medical Evacuations](#)

## Appendix A: Additional Resources

### **American College of Emergency Physicians: Hospital Disaster Preparedness Self-Assessment**

**Tool:** This detailed checklist can help hospital staff review their emergency management programs. This tool includes information on categories that should be considered in a post-disaster assessment (particularly sections 3-7).

**ASPR TRACIE Healthcare Coalition Recovery Plan Template:** ASPR TRACIE developed this template to help healthcare coalitions develop/organize their recovery plans. A sample plan outline is provided in Appendix A; recovery plan development support resources from ASPR are included in Appendix B; and Appendix C includes a full list of resources referenced in this template.

**Fairfax County Pre-Disaster Recovery Plan:** The goal of the pre-disaster recovery plan is to provide Fairfax County (VA) with strategies for preparing for and managing large/catastrophic disaster recovery. Guidance specific to decision making, establishing priorities, and identifying roles and responsibilities is included.

**Florida Health Care Association Post Storm Recovery Planning Considerations:** This document provides post-storm recovery guidance and checklists for nursing homes/long term care facilities.

### **Greater New York Hospital Association Recovery Checklist for Hospitals After a Disaster:**

Hospital staff can utilize this facility recovery checklist to identify potential issues after a disaster.

**Harvard School of Public Health, Emergency Preparedness and Response Exercise Program: Essential Functions and Considerations for Hospital Recovery Version 2:** Based on an extensive literature review of federal guidelines and hospital plans, interviews with staff from hospitals affected by critical incidents, and information from a 2013 workshop on recovery-based lessons learned, the authors developed this excellent reference document to help hospitals learn to manage recovery from all types of events.

### **U.S. Department of Health and Human Services, Office of the Assistant Secretary for Preparedness and Response: Healthcare COOP and Recovery Planning: Concepts, Principles, Templates and Resources:**

This guide includes an overview of healthcare continuity of operations planning, customizable templates, and other related resources. It includes links to information on continuity planning, online courses, and other COOP resources.

U.S. Department of Health and Human Services, Office of the Assistant Secretary for Preparedness and Response, Division of Recovery.

## Appendix B: Case Study: Desoto Health Rehabilitation

### Event: Florida Disaster Declaration # 15302/15303 Damage Caused by Hurricane Irma from September 4 through October 18, 2017

In September 2017, Irma made landfall as a Category 4 hurricane in the Florida Keys and struck southwestern Florida at Category 3 intensity. Irma caused widespread devastation across the affected areas and was one of the strongest and costliest hurricanes in the state's history.



The winds from the hurricane caused roof damage. When the hurricane had passed, assessment revealed the walls, siding, windows, trees, landscaping, equipment, furniture, and fixtures were all damaged by the storm. One wing of the facility was destroyed and while covered by insurance, it was not enough to cover the physical damage. The financial impact on the facility was also concerning. Not only were residents displaced, but the facility was losing approximately \$300 per bed per day (over \$200,000/month).

The damage to the facility resulted in an SBA disaster business loan for \$117,500 in physical losses to machinery and equipment and \$200,000 in working capital needs. The destruction to the building and grounds was so severe and significant that SBA verified damage in excess of \$3.6 million. After insurance paid nearly \$900,000, the facility was approved for a loan for \$1,600,000 for the repairs to the real estate.

Desoto Health Rehabilitation is the third largest employer in Desoto County and plays a key role in the Arcadia community. Due to the constant increase in the number of retired people relocating to Florida and with approximately 20% of the Desoto County population in the age group of 65 and older, elder care facilities are a vital component of the community. SBA financial assistance allowed these facilities to maintain operations and continue to serve their community.