New legislation includes numerous provisions for health care, with billions of dollars allocated to vaccines, contact tracing, rural development, mental health and substance abuse, and the heath care workforce.

OPERATIONAL SUPPORT

Health Care Items in *American Rescue Plan Act of 2021*

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Key insights

- Allocates $8.5 billion for rural health care providers
- Provides $120 billion related to vaccines, supplies, and disaster recovery
- Designates $20 billion for community health centers, public health workers, and mental health and substance abuse programs
- Creates state and local fiscal recovery funds totaling $350 billion

On March 11, 2021, the president signed into law the *American Rescue Plan Act of 2021* (ARPA) as Public Law 117-2. This is the sixth bill with COVID funds enacted since the pandemic began. In addition to changes to the Paycheck Protection Program, $1,400 stimulus checks, and various tax

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credits, there are numerous provisions related to health care and COVID funding.

Paycheck Protection Program (PPP) Eligibility Expanded

The *American Rescue Plan Act of 2021* includes many other provisions not covered in this article but may be of interest to health care providers, including several changes to the PPP that will likely be well-received by nonprofits.

One PPP change includes extending eligibility to many of the nonprofit 501(c) entity types previously ineligible for PPP loans. A second change would allow larger 501(c)(3) and 501(c)(6) nonprofits with multiple locations to qualify if the number of employees per physical location is 500 or 300, respectively.

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Rural funds

While Congress elected not to replenish the Provider Relief Fund (PRF), it did provide $8.5 billion under the Department of Health & Human Services (HHS) specifically to rural health care providers and suppliers under separate allocation. These funds are akin to PRF dollars in that they are to be used to offset lost revenues and health care expenses attributable to COVID — but they are not identical.

Funds will be distributed based on applications that must include a statement justifying need, documentation of expenses and lost revenues, tax identification number, and other items as determined by HHS. In a somewhat convoluted manner, the act describes both an "eligible health care provider" for these funds and then defines a "rural provider or supplier." We've included the summary of both terms below.

Eligible health care providers:

Allowable Use of Rural Funds

The $8.5 billion in rural funding are not PRF funds. While they use similar language and requirements, they are not identical. One difference from

- Are a provider of services or supplier as defined under Section 1861(u) or Section 1861(d). These statutory citations refer to hospitals (including critical access hospitals), skilled nursing facilities, and home health agency or hospice programs, along with physicians or other practitioners.
- Accept Medicare or Medicaid.
- Have provided diagnoses, testing, or care for individuals with possible or actual cases of COVID-19.
- Are a "rural provider or supplier."

The law then defines a "rural provider or supplier" as:

1. A provider or supplier located in a rural area *or treated* as located in a rural area. ARPA cross references Sections 1886(d)(2)(D) and 1886(d)(8)(E).
2. A provider or supplier located in any other area that serves rural patients (as defined by the HHS Secretary), which may include, but is not required to include, a metropolitan statistical area with a population of less than 500,000.
3. A rural health clinic.
4. A provider or supplier that furnishes home health, hospice, or long-term services and supports in an individual's home located in a rural area.
5. Any other rural provider or supplier that the Secretary of HHS defines.

This statutory definition of rural provider or supplier could include suburban or urban entities that have been reclassed rural or even add others that HHS deems as rural. We will have to watch for future HHS guidance on the funding criteria and the application process.

In addition, ARPA includes $500 million through the Department of Agriculture to create a rural emergency pilot program to address rural development needs due to COVID-19. The funding includes seven different acceptable purposes, such as to increase capacity for vaccine distribution and administration, to provide medical

our perspective is the specific statutory reference to "maintaining staff, obtaining additional staff, or both" under health care expenses. In contrast, the PRF statute does not include this language and HHS guidance has generally allowed PRF use on "incremental" costs. We await further guidance from HHS on applying for and using these funds.

CLA can assist you with your COVID funds.

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supplies for surge capacity, offsetting lost revenues due to COVID-19, and for telehealth capabilities, among others. The funds are to be distributed within 150 days and to be used by September 30, 2023. Local units of government (municipality, county, etc.) along with nonprofits with significant local ties to the community (as defined in statute) are eligible.

Vaccines, tracking, tracing, and related recovery funds

ARPA includes significant funding related to vaccines, tracking, tracing, education-related activities, and disaster recovery. We highlight a few of these appropriations:

- **$60+ billion to HHS**. Of that, roughly $48 billion is to detect, diagnose, trace, and monitor SARS–CoV–2 and COVID–19 infections and related strategies to mitigate the spread of COVID–19 as follows:
  - implement a national, evidence-based strategy for testing, contact tracing surveillance, and mitigation
  - support development, manufacturing, production, distribution, and administration of tests
  - establish testing and contract tracing capabilities
  - enhance information tech, data modernization and reporting
  - award grants to state and other units of government public health departments to establish, expand and sustain a public health workforce

There is $7.7 billion designated for the public health workforce. These funds are for hiring and training contact tracers, investigators, social support specialists, public health nurses, and community health workers — along with purchasing personal protective equipment, data management, technology, or other necessary supplies.

Finally, $6 billion is to fund research, development, manufacturing, production, and the purchase of vaccines, therapeutics, and ancillary medical products and supplies.

- **$10+ billion to the Centers for Disease Control & Prevention (CDC)**. Of this, $7.5 billion is to be used to enhance, expand, and improve nationwide COVID–19 vaccine distribution and administration, including activities related to distribution of ancillary medical products and supplies related to vaccines. These dollars are also for:
  - establishing and expanding (including staffing) community vaccination centers, particularly in underserved areas
  - deploying mobile vaccine units, particularly in underserved areas
  - information technology, standards-based data, and reporting

enhancements related to vaccine distributions, systems, safety, and uptake
- facilities enhancements
- public communication efforts on COVID vaccines
- transportation to vaccination sites, particularly in underserved populations

There is also $1 billion designated to vaccine confidence initiatives and $1.75 billion to strengthen and expand activities and workforce related to genomic sequencing, analytics, and disease surveillance.

- **$50 billion to Federal Emergency Management Agency (FEMA)**. These funds are designated for FEMA's Disaster Relief Fund, which is the main disaster and recovery fund, and the fund being used with COVID-19. The money is to remain available through September 30, 2025.
- **$10 billion for COVID-19 Emergency Medical Supplies and Enhancement**. Under the Defense Production Act, this $10 billion is to purchase, produce, or distribute PPE, testing, supplies, and vaccines.

FEMA Application, Grants Management Assistance

We have seen growing interest in FEMA grants. If you have questions on the application process or subsequent grants management for FEMA funds, reach out for our assistance.

Various health programs, provider funds

ARPA targets funds specifically to several health care provider types and programs.

Community health centers are slated to receive another $7.6 billion for various purposes. Those purposes include monitoring, purchasing, and providing vaccines, as well as purchasing equipment and supplies and maintaining the health care workforce. The latter includes funds to establish, expand, and sustain the healthcare workforce related to COVID-19 and to carry out other health care workforce-related activities. The money may also be used to modify, enhance, and expand health care services and infrastructure and for community outreach activities.

There is $200 million for infection control and vaccination uptake assistance for skilled nursing facilities that contract with quality improvement organizations — along with an additional $250 million for states to establish nursing home strike

teams. Strike teams will assist with clinical care, infection control, or staffing when there are COVID cases in nursing homes. Additionally, there is $1.4 billion designated under the Older Americans Act for nutrition programs, home and community-based care for supportive services (vaccination outreach, prevention and mitigation of social isolation), disease prevention, and health promotion, among other purposes.

There is also $6.1 billion for the Indian Health Services and $1.3 billion targeted for the national health services corps, the nurse corps, and the teaching health center graduate medical education program.

Mental health and substance abuse funds

ARPA includes roughly $4 billion in funding to address mental health and substance abuse programs as follows:

- $1.5 billion for community mental health services block grants. These will be available to states through the Substance Abuse Mental Health Services Administration (SAMHSA).
- $1.5 billion for substance abuse treatment and prevention block grants. These will be available to states through SAMHSA.
- $420 million for expansion grants for Certified Community Behavioral Health Clinics (CCBHC). These are available to states through SAMHSA to provide comprehensive, patient-centered care and treatment for those with serious, complex mental illnesses and substance use disorders. Nonprofits, local governmental behavioral health authorities, and Tribal organizations are eligible as CCBHCs.
- $20 million for education and public awareness campaign for healthy workplace conditions and use of services. The money will go to the CDC.
- $80 million for mental health and substance-use disorder training for health care professionals, paraprofessionals, and public safety officers. The funds are through Health Resources and Services Administration (HRSA) and may go to health professions schools, academic health centers, governments, Indian Tribes and Tribal organizations, or other appropriate public or private nonprofit entities.
- $40 million for health care providers to promote mental health. These will be available through HRSA and available to entities providing health, health care provider associations, and federally qualified health centers.

- $30 million for community-based funding for local substance-use disorder services. These will be available to states, territories, Tribal governments, nonprofits, and primary and behavioral health organizations through SAMHSA in consultation with the CDC.
- $50 million for community-based funding local behavioral health needs. These are available through SAMHSA to state, local, Tribal, and territorial governments, Tribal organizations, nonprofit community-based entities, and primary care and behavioral health organizations to address needs due to COVID-19.
- $100 million for behavioral health workforce education and training.
- $80 million for pediatric mental health care access.
- $10 million for the national child traumatic stress network.
- $30 million to fund Project Aware.
- $20 million to fund youth suicide prevention.

Various funds, policies of interest

- ARPA provides $350 billion to two funds for states and local units of government. The Coronavirus State Fiscal Recovery Fund includes $220 billion, of which $195 billion will go to states, $4.5 billion to territories, and $20 billion to Tribal governments. The funds remain available through December 31, 2024 and are to be used to respond to the COVID-19 public health emergency or its economic impacts. The money may be used to aid small businesses and nonprofits, among others. Another acceptable use of the money is for necessary investments in water, sewer, or broadband infrastructure. The Coronavirus Local Fiscal Recovery Fund is similar in nature, with $130 billion designated overall. Of that, $45.57 billion is for cities, $19.5 billion for nonentitlement units of government, and $65 billion for counties.

State, local fiscal recovery funds

Previous COVID-19 stimulus packages included funding, such as the Coronavirus Relief Fund, designated for state and local governments. Frequently, some of those dollars flowed through to health care providers. APRA provides $350 billion to two new fiscal recovery funds — and health care providers should track any funding opportunities that may arise from state or local units of government.

- ARPA also creates and funds the Coronavirus Capital Projects Fund with $10 billion directed to states, territories, and Tribal governments to carry out critical capital projects. The dollars would fund projects directly related to enabling work, education, and health monitoring, including remote options, in response to the pandemic.

With respect to Medicare and Medicaid, a sample of ARPA policies includes:

- Reinstatement of the Medicare wage index floor for an all-urban state. HHS has previously allowed the floor to expire. The policy helps three states: New Jersey, Delaware, and Rhode Island.
- Ambulance waiver to allow for Medicare payment during the pandemic if patient is not transported to the nearest appropriate facility.
- Mandatory coverage of vaccines (vaccine and administration) and treatment for presumed or actual cases under both Medicaid and Children's Health Insurance Program. There is no cost sharing related to this coverage.

Changes to coverage

There are also various changes to health care coverage policies. A few of those are changes in the premium tax credit allowed under the Exchange and with COBRA subsidies. For the premium tax credit, ARPA would increase the subsidies available for those currently between 100% and 400% of the federal poverty level (FPL). ARPA would also newly provide subsidies for those over the 400% FPL who purchase their plans on the Exchange and whose premium costs are more than 8.5% of their income. These changes are for 2021 and 2022 only and are expected to increase coverage over those years and reduce costs for those purchasing plans on the Exchange. For those previously unable to afford COBRA coverage during the pandemic due to an involuntary termination or reduction in hours, ARPA provides for full premium coverage for up to six months. Employees can elect to continue their employer-sponsored insurance provided they are not eligible for a new plan or a spouse's plan. The employer receives 100% reimbursement through a payroll tax credit.

How can CLA help

There are many policy and funding details to unpack related to the *American Rescue Plan Act of 2021*. We can help break it down for you and put it into context with respect to previous COVID-19 stimulus packages. Reach out today. We're here to know you and help you.

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