

## **Mississippi Hospital Sustainability Grant FAQ**

**1. What if a hospital system only has consolidated financial statements that do not break out the hospitals individually, as it relates to the application for the funds?**

- Financial statements from hospitals will be required to prove economic impact. Hospitals that are applying for the grant and are included in consolidated financial statements of a hospital system will need to submit their underlying financial statements used to prepare the consolidated financial statements.

**2. How is the allocation of remaining funds going to be handled? The Senate Bill included language about distributing funds based on number of beds, but that language was not used in the proposed regs.**

- The SLFRF Final Rule requires the response to be proportional to the harm suffered due to the COVID-19 pandemic. MSDH will work with the legislature to determine the best method to allocate any remaining funds in compliance with the Final Rule.

**3. How is premium pay defined? How will that be factored into the application?**

- HB 271 states that Program funds cannot be disbursed as premium payments to employees. “Premium pay” is defined in the SLFRF Final Rule. MSDH has interpreted this provision to mean that the Program may not make a new outlay of premium payments to employees of the Program beneficiaries or create a new premium pay program. As such, it should not be a factor in the application.

**4. Other than the application, will anything have to be done on the back end to keep the money? Such as submitting expenses, etc.?**

- The application and required documentation are all that will be required for the calculation of each recipient’s award. The Program is structured to make a single payment to each recipient based on demonstrated economic harm suffered due to the COVID-19 pandemic. Because the Program is not structured as a reimbursement program, there will be no requirement to submit invoices, receipts, or proof of payment for individual expenses. Rule 1.1.6 of the Regulations provides that funds can be clawed back by MSDH in the event of an improper payment if, for example, a subsequent program audit identifies deficiencies.

**5. What is the audit risk on the back end of receiving the funds?**

- ARPA/SLFRF funds are subject to audit by various federal and state agencies, including, but not limited to, the Department of Treasury, the Office of Inspector General, and the State Auditor’s Office.

**6. Are these funds exempt from the Single Audit Act requirements since the hospitals will be classified as a beneficiary?**

- The single audit act applies to ARPA funds, the funds are not exempt. However, because the hospitals are classified as beneficiaries under the Program, the Single Audit Act and 2 CFR 200 Subpart F will not apply to hospitals individually.

**7. How will revenue be defined?**

- Generally Accepted Accounting Practices (GAAP) will be used to define revenue. Revenue is recognized on the income statement in the period when realized and earned.

**8. Will non-operating revenue also be considered in addition to operating revenue?**

- Non-operating revenue will be considered in addition to operating revenues.

**9. Can lost revenues be used to show negative impact or will it only be increased expenses?**

- The hospital's post-pandemic net income will be compared to a baseline pre-pandemic net income to determine negative impact. Any recognized grant funds will be removed from the initial net income numbers for the calculation. Thus, while lost revenues are not separately used to determine the eligible grant amount, the award calculation will reflect any lost revenues.

**10. Will hospitals be required to submit specific invoices?**

- We are not expecting the hospital to submit specific expenses, as a reimbursement methodology is not being used. However, as part of the application process we may request additional information to verify the negative economic impact. Additionally Rule 1.1.6 does allow for funds to be retrieved if they are found to be non-compliant.

**11. The dates listed in this proposal are somewhat confusing. It states the expenditure period is March 3, 2021 to December 31, 2024. Is there a typo?**

- The obligation period for ARPA/SLFRF funds in general is March 3, 2021, to December 31, 2024. It is anticipated that all Program funds will be distributed as soon as applications can be processed. Note that the financial information required to be submitted for the pre-pandemic baseline is FY 2017-2019, and for the post-pandemic period April 1, 2021 – December 31, 2021, and January 1, 2022 – December 31, 2022.

**12. The interaction/function of application financial data analysis needs additional clarification. Is this analysis just going to be used to determine the amount received?**

- Yes. The applicant will establish a baseline of net income from fiscal years 2017, 2018, and 2019. Then the applicant will provide net income for post pandemic years, 2021 (periods beyond March 2) and 2022. The difference in the pre-pandemic baseline and post pandemic net income will determine the Negative Economic Impact from which any other grant funds received will be deducted. The grant award will be the lesser of the Net Negative Economic Impact and the cap set forth in the legislation for the applicable category.

**13. Will the financial data constitute the justification for retaining the funds or will we have to report and designate expenses (or lost revenues)?**

- Audited or reviewed financial statements will primarily be used to validate the data used in the award calculation. If audited/reviewed financial statements are not available, internally prepared financials may be provided but there may be additional procedures to be performed to ensure the validity of the data. This will be evaluated on a case-by-case basis. Once the award determination is made, there will be no additional documentation requirements to retain the funds.

**14. As the purpose of this grant appears to be for sustainability, will eligible expenses be defined and expanded beyond the COVID-19 expenses (expenses used to prevent, prepare for, and respond to coronavirus) that were eligible for FEMA and/or PRF reporting?**

- This grant is intended to address the negative economic impact of the hospital/department as a whole and not direct expenses. The applicant will be required to provide a narrative explaining the negative economic impact encountered by the applicant which should be supported by the underlying financial data provided. No expenses will be excluded from the calculation of the grant amount.

**15. What documentation will be required for audited financial statements when hospitals are part of a healthcare system? They do not have individually issued audit reports; their audited financial statements are issued at the system level.**

- The financial data included in the application must be supported by audited/reviewed financial statements. This will be required to prove a negative economic impact. Hospitals that are applying for the grant and are included in consolidated financial statements of a hospital system will need to submit their underlying financial statements used to prepare the audited/reviewed consolidated financial statements as well as the actual audited/reviewed financial statements.

**16. Will validation of the data submitted be performed on the front-end before payments are made?**

- Negative economic impact will be verified during the application process before payments are made.

**17. What if a hospital did not exist pre-COVID?**

- The SLFRF Final Rule states that entities which were not in existence prior to March 3, 2021, are ineligible to receive ARPA/SLFRF funds. In addition, if a hospital does not have fiscal year financial data that precedes the pandemic, it will not be able to establish a baseline to show negative economic impact caused or exacerbated by the pandemic.

**18. What about a hospital that had a change in ownership?**

- If a hospital does not have fiscal year financial data that precedes the pandemic, it will not be able to establish a baseline to show negative economic impact caused or exacerbated by the pandemic. It is anticipated that in the due diligence process prior financial information would have been obtained. Changes in ownership will be examined on a case-by-case basis during the application process.

**19. Will Mississippi's review and analysis of the hospital's application and financial data include an "apples to apples" baseline measure to account for changes in operations (for example, situations where service lines were added, relocated, or discontinued)?**

- If the hospital added services in 2021 or 2022 that were not present in the baseline years, any expenses and income from those programs should be included.

**20. Will Mississippi's review and analysis of the hospital's application and financial data include a baseline measure or some type of leveling to account for the other PRF funds received?**

- All PRF and other grant funds recognized during the applicable 2021 and 2022 periods will be taken out of the revenue number submitted to establish net income/loss for those periods. Any other grant funds received or awarded will be subtracted out of the net income/loss to avoid any duplication of benefits (DOB). A DOB certification listing all other funds received/awarded will be required. Other funds will only be considered a DOB if the funds were used to cover expenses by the hospital/department applying for funding under this program.

**21. How is the calculation for the “damages” being performed? Please provide it at a more granular level.**

- The applicant will establish a baseline of net income from fiscal years 2017, 2018, and 2019. Then the applicant will provide net income for post pandemic years, 2021 (periods beyond March 2) and 2022. The difference in the pre-pandemic baseline and post pandemic net income will determine the Negative Economic Impact from which any other grant funds received will be deducted. The grant award will be the lesser of the Net Negative Economic Impact and the cap set forth in the legislation for the applicable category

**22. Is there any sharing or transferring of funds between facilities in one hospital system? We have large, metro hospitals with buckets of un-reimbursed COVID expenses and lost revenue. On the other hand, we have CAH hospitals struggling to justify their much-needed allocations due to the inherent cost-ratio offset of the CAH payment model.**

- Each individual hospital within a system will qualify for the funds based on their negative impact for that hospital. Multiple hospitals will not be allowed to pool together bed count or services provided to receive more funding. Once each hospital receives the funds, they can distribute as they see fit.

**23. There is no mention of either the Medicaid provision, or the pro-rata bed provision. Are these options still in play?**

- Medicaid and Medicare payments should be counted as revenue in the financial statements submitted during the application process. MSDH will work with the legislature to determine the best method to allocate any remaining funds in compliance with the Final Rule.

**24. How do the normal Medicaid/Medicare reimbursements factor into the calculation?**

- Medicaid/Medicare payments should be counted as revenue and included in the financial statements. They will not, however, be considered a duplication of benefits (DOB).

**25. The legislation in SB 2372 states “The department shall adopt such reasonable rules as necessary for the administration of the program but shall not place additional qualification requirements on hospitals other than the minimum requirements in this section.” Why were additional criteria put in the regulations?**

- House Bill 271 states “...the department shall certify to the Department of Finance and Administration that each expenditure of the funds appropriated to the department under this act complies with the guidelines, guidance, rules, regulations and/or other criteria, as may be amended from time to time, of the United States Department of the Treasury regarding the use of monies from the Coronavirus State Fiscal Recovery Fund established by the American Rescue Plan Act of 2021.” Additional requirements were added to ensure compliance with ARPA requirements.

**26. The hospitals are depending on the funds if they meet the criteria in the legislation and we are now saying some hospitals may not qualify. What could cause some hospitals not to qualify for the funding or for the maximum allowed?**

- In order to be eligible to receive ARPA/SLFRF funds, a recipient must show that a negative economic impact was suffered as a result of the COVID-19 pandemic. In addition, the state’s response to the negative economic impact must be proportional to the harm suffered. This is a requirement of the SLFRF Final Rule. If a hospital did not suffer financial harm as a result of the pandemic, or if the extent of its financial harm (after DOB is taken into account) is less than its allocation of funds under SB 2372, the Final Rule caps the recipient’s award at the amount of economic harm suffered.

**27. State legislation and the MSDH program rules are silent as to whether a hospital can pick and choose specific quarters for which they incurred losses. Can you confirm that this approach is allowed?**

- To be consistent across applicants, financial information for April 1 – December 31, 2022 will be required. Hospitals cannot choose specific quarters to determine negative impact.

**28. The deduction of premium payments (while in the legislation) may cause considerable headache. But to confirm, my interpretation of the rule was that premium payments paid during the period being applied for would need to be deducted from the award. Not subsequent premium payments that would be paid with the funds after received as each hospital has already qualified for the funds based on determined negative economic impact and we don’t care how they use the funds because of the previously determined benefit.**

- At this time MSDH does not believe that premium pay will factor into the application process. It appears that the restriction on premium pay in HB 271 is a prohibition on a new outlay of funds to make prospective premium payments or to create a new premium pay program.

**29. Regarding the base periods and the benefit periods, are these calendar years (except for 2021 which will be the last three quarters)? The application notes fiscal years (those for 9/30 year-ends, the hospital could be submitted 2016 Q4 information for fiscal year ending 9/30/17).**

- Please use fiscal year (FY) data so that it can be easily reconciled to the financial statements. For a 9/30 FYE, October-December 2016 would be Q1 of FY2017.

**30. The regulations for the Mississippi Hospital Sustainability Grant Program state that the initial application period is June 1- June 30, 2023. Can applications be submitted after June 30, 2023? What if my application is not complete by June 30, 2023?**

- The regulations only reference an initial application period, not the entire application period. Applications will continue to be accepted through December 31, 2023.

**31. With bed count being essential to the max allotment for each hospital, what will be the measurement date & source data for the bed count determination?**

- The bed count stated on each hospital's license will be used to determine the max amount of funds each hospital is eligible to receive. The hospital can choose any date between the start of the grant period and when Senate Bill 2372 and House Bill 271 were signed by the Governor, May 3, 2021 – April 17, 2023. Once a bed count is determined, this bed count will be used for the entirety of the grant program and should not be changed. A copy of the hospital's license showing the bed count and number of beds in abeyance should be included with the application.

**32. Some hospitals include the operation of nursing home, home health aide, etc. under their umbrella. Will these be included in the net income?**

- Only income developed from their hospital license issued by the Department should be included.

**33. ARPA allows for payments through 2024. Why is the period for negative economic impact limited to 2022?**

- The Mississippi Legislature and the Mississippi Department of Health intend to disburse funds as quickly as possible. Currently financial data for 2023 and 2024 is not available. The program will continue to be evaluated, and there may be a determination to extend the period until the end of 2024.

**34.FAQ # 29 implies that fiscal year data should be used to determine a negative economic impact. Will this prevent organizations with FYE of 6/30 from accounting for 7/1/2022-12/31/2022?**

- Any period from April 1, 2021, through December 31, 2022, can be submitted and compared to the baseline date to determine a negative economic impact. For the pre-pandemic baseline data and post-pandemic data either fiscal year or calendar year data can be submitted. If choosing fiscal year data for post pandemic data, please see the table below to ensure correct fiscal year data is being entered.

<b>3/31 YE</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
2021	Not eligible	Not Eligible	Not Eligible	Not Eligible
2022	4/1/21-6/30/21	7/1/21-9/30/21	10/1/21-12/31/21	1/1/22-3/31/22
2023	4/1/22-6/30/22	7/1/22-9/30/22	10/1/22-12/31/22	Not Eligible
<b>6/30 YE</b>				
2021	Not eligible	Not Eligible	Not Eligible	4/1/21-6/30/21
2022	7/1/21-9/30/21	10/1/21-12/31/21	1/1/22-3/31/22	4/1/22-6/30/22
2023	7/1/22-9/30/22	10/1/22-12/31/22	Not Eligible	Not Eligible
<b>9/30 YE</b>				
2021	Not eligible	Not Eligible	4/1/21-6/30/21	7/1/21-9/30/21
2022	10/1/21-12/31/21	1/1/22-3/31/22	4/1/22-6/30/22	7/1/22-9/30/22
2023	10/1/22-12/31/22	Not eligible	Not Eligible	Not eligible
<b>12/31 YE</b>				
2021	Not Eligible	4/1/21-6/30/21	7/1/21-9/30/21	10/1/21-12/31/21
2022	1/1/22-3/31/22	4/1/22-6/30/22	7/1/22-9/30/22	10/1/22-12/31/22
2023	Not Eligible	Not Eligible	Not Eligible	Not Eligible



**35. Why do I have to log into SmartSheet to fill out the application? Do I need a license?**

- A free account must be created to complete the application in Smartsheet. To create the application a license is not required. Whatever e-mail address is used when the Smartsheet application is created will receive a .pdf copy of the completed application.

**36. When I complete my applications why does the total column for the Post-Pandemic Fiscal Year not match all the numbers entered in the Q1, Q2, Q3, and Q4 columns for FY 2021 and 2023.**

- Please see the chart in question # 34. Not all quarters from 2021 and 2023 are eligible to be compared to the baseline information. Depending on what fiscal year end the hospital chose will determine which quarters are eligible.

**37. Can I save my progress in the application and finish it later?**

- The application must be completed once it is started. If the application is exited, it will need to be restarted. We have included a .pdf version of the application that can be printed for review prior to starting to fill out the digital version of the app. Please use this .pdf to ensure all required data is gathered and available.

**38. For the pre-pandemic baseline data, is a hospital required to submit data from all quarters in 2017, 2018, and 2019?**

- If applicable, the hospital should submit data from all quarters in their fiscal years 2017, 2018, and 2019. The hospital's pre-pandemic baseline will be calculated as an average of the quarterly data submitted. If the hospital was not open, or cannot supply data from all three years, an average will be calculated from the quarters available for submission. This will be considered on a case-by-case basis. Additionally, if a negative economic impact can only be calculated using individual quarterly data from the applicable pre-pandemic quarters, only that data will be compared to corresponding post pandemic quarters to establish the negative economic impact.