

North Carolina Coronavirus Relief Fund Frequently Asked Questions for Funding distributed to Private Hospitals per S.L. 2020-4

Note that this information is provided as a reference and is current as of June 25, 2020. In the event of a conflict between this document and state law, federal law, or US Treasury guidance, the state and federal laws and guidance supersede this document.

When can a private hospital expect to receive their funds, and will funds be released on a reimbursement basis?

Funds will be released once the contract has been executed. NC Pandemic Recovery Office (NC PRO) will advance 50% of the allocation. The remainder will be provided on a reimbursement basis.

Must the entire advance be spent prior to making a request for additional funds, and how often can a private hospital request additional funds?

No. The entire amount does not have to be spent before making an additional request for funds. Private hospitals are required to submit the reimbursement/use of funds form monthly.

When is the reimbursement/use of funds form (C-1 and C-2) due to NCPRO?

These forms must be submitted by the 20th of the following month. For example, if you are reporting expenses in July 2020, the forms are due by August 20th. Private hospitals must use the upload link provided by NCPRO to submit the form. Private hospitals must include documents that support the expenditures listed on the form. Instead of the form, a private hospital may substitute a download from its accounting system that provides similar information as the NCPRO form and is formatted as an Excel Worksheet .xlsx or a comma delimited or tab delimited format .csv

Are these dollars considered State funds or Federal funds and are there any special accounting requirements?

Coronavirus Relief Funds (CRF) are federal funds and should not be comingled with other funds. Separate accounting is required for these funds.

Do we have to comply with the Uniform Guidance?

The US Treasury updated FAQs state fund payments are subject to the following requirements in the Uniform Guidance (2 C.F.R. Part 200): 2 C.F.R. § 200.303 regarding internal controls, 2 C.F.R. §§ 200.330 through 200.332 regarding subrecipient monitoring and management, and subpart F regarding audit requirements.

Are CRF funds subject to the Single Audit Act?

Yes, CRF funds are subject to the Single Audit Act and funds may be used to cover cost related to a Single Audit subject to the limitation in 2 C.F.R. § 200.425.

What is the CFDA number for these federal funds?

The CFDA number is 21.019 and is pending completion of registration.

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What is the Federal Requirement surrounding the use of Coronavirus Relief funds that are appropriated for Session Law 2020-4?

The [US Treasury guidance document issued April 22, 2020](#) states includes two general requirements for funds used by private hospitals:

1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); and
2. were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

In addition, funds can only be spent as mandated in [Session Law 2020-4 Section 3.3](#). If there are conflicts between State and Federal requirements over the use of CRF funds, Federal requirements supersede State requirements. Additional federal guidance on the use of CRF funds can be found in the [US Treasury FAQs issued May 28, 2020](#).

Can CRF funds be used to reimburse for expenses already incurred (dating back to 3/1/2020) or only for new expenses going forward?

CRF funds can be used to reimburse private hospitals expenses already incurred dating back to March 1, 2020, assuming the expenses are directly related to COVID-19 and conform with the requirements as designated in Session Law 2020-4.

When does a cost incur and is an obligation that creates a liability considered "incurred" cost?

The US Treasury guidance defines "incurred" as being when the responsible party has expended funds to cover the cost. This means when a check or electronic fund transfer is issued between March 1, 2020 through December 30, 2020. Obligations that create liabilities are not considered an incurred cost.

Can funds be used to prepay for goods and services that will be received or completed after December?

CRF funds cannot be used to prepay for goods or services. Private hospitals must take possession of goods or have services completed on or by December 30, 2020, which will allow for CRF payments to be issued on or before December 30, 2020.

What is the difference between FEMA-PA funding, provider relief funding and CRF funding?

Each of these funding sources has different rules and eligible expenditures. One of the most asked questions is whether the funds can be used for revenue replacement. Provider relief funds are allowed for revenue replacement, but CRF and FEMA funding cannot be used for revenue replacement.

NCPRO recommends private hospitals use FEMA-PA funding first for eligible expenses for several reasons:

1. FEMA-PA can be used for eligible expenses from January 2020 and continues throughout the federal emergency declaration;
2. Private hospitals can maximize funding since FEMA-PA will cover 75% of the allowable expense; and
3. CRF can be used for the 25% FEMA-PA required match. For further guidance on these funding sources review [Guide to Federal COVID-19 Funding for Hospitals](#)

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Duplication of benefits is not allowed, but what is meant by duplication of benefits?

When a private hospital receives other funding, such as Medicaid, Medicare, private insurance, patient, or provider relief payments, Paycheck Protection Program loans or FEMA reimbursements to cover specific expenses, these same expenses cannot be used for CRF expenses.

An example of duplicate benefits: if labor costs for medical staff are included in patient billing, Medicare/Medicaid payments or otherwise covered by another funding source (like the Payment Protection Program), CRF funds cannot be used to cover those same labor costs.

What happens to the interest that is earned on CRF monies that are advanced to the private hospital?

Interest or other proceeds earned on CRF funds must be used only as prescribed in Session Law 2020-4 and in the federal guidance.

What types of expenses are allowable for CRF monies?

There are two federal criteria to assess to determine if an expense is allowed: (1) Is the expense a necessary expenditure incurred between March 1 and December 30, 2020 and (2) is the expense related to COVID-19. In addition, funds can only be used as directed in Session Law 2020-4. If all of these criteria are met, it is an allowable CRF expense.

Some examples: costs of renovations to create a 6' separation or a physical barrier between employee and patients/customers; technology and training to enable telemedicine; equipment needs for research related to vaccines; supplies for testing (including serological testing); payroll costs for private healthcare employees treating patients (if not billed to payer); or retro fitting facilities to meet infection control standards, since these are directly related to COVID-19 remediation, response or recovery.

Do private hospital employees have to meet the "substantially dedicated" requirement as identified in the US Treasury Guidance, for funding payroll expense with CRF funds?

No. Only public employees must meet this requirement. The US Treasury Guidance published on May 28, 2020, states that a private employer's employees are not subject to the restriction.

Can CRF funds be used to pay employee payroll expenses?

Yes. CRF funds can be used for payroll costs of working hospital employees so long as the costs were not covered by some other program, for example the Payroll Protection Program, Medicaid, Medicare, etc.

Please explain payroll costs.

Payroll costs include salaries and benefits, hazard pay and overtime costs.

When can CRF funds be used to cover payroll expenses of employees on leave?

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In order for a private hospital to use CRF money to pay for employee leave, the leave must comply with the leave required in the Family First Coronavirus Relief Act (FFCRA), the hospital has fewer than 500 employees, or hospital with more than 500 employees that voluntarily implemented the FFCRA requirements. For a full-time employee this includes:

1. Up to 80 hours of paid sick at the employee's regular rate of pay where the employee is unable to work because of quarantine (government ordered, or health provider advised quarantine or isolation) and/or sick with COVID-19 and seeking a medical diagnosis; or
2. Up to 80 hours of paid sick at two-thirds the employee's regular rate of pay because the employee is unable to work because of a bona fide need to care for an individual subject to quarantine (pursuant to Federal, State, or local government order or advice of a health care provider), or to care for a child (under 18 years of age) whose school or child care provider is closed or unavailable for reasons related to COVID-19; or
3. Up to an additional 10 weeks of paid expanded family and medical leave at two-thirds the employee's regular rate of pay where an employee, who has been employed for at least 30 calendar days, is unable to work due to a bona fide need for leave to care for a child whose school or child care provider is closed or unavailable for reasons related to COVID-19.

Part-time employees are eligible for the number of hours of leave that the employee works on average over a two-week period.

This does not apply to health care providers or emergency responders that the private hospital has elected to exclude from the FFCRA benefits.

The individual compensation cannot exceed \$511 per day for item #1 listed above and \$200 per day for items #2 and #3 listed above.

Can CRF funds be used to pay employees that are furloughed due to business interruptions?

Yes. CRF funds can be used for payroll costs related to private hospital employees that are furloughed due to business interruptions. A private hospital must be able to document the business interruption including the linkage to furloughed employees.

Is it allowable to use the approved federal indirect cost rate instead of providing detail expense items?

No. There is no allowance for using the federal indirect cost rates.

Are any private hospitals administrative costs allowable?

Administrative cost directly identified to the COVID-19-related activities and evidenced by supporting documentation is allowable. Such costs include, but are not limited to, salaries, travel, equipment, and supplies directly benefiting the grant-supported project or activity. For example, if a grantee's purchasing manager spends 25% of his or her time on grant-related activities and his or her timesheet reflects that 25% of his or her time is dedicated to these activities, and is accounted for separately, the personnel cost related to such activity is acceptable. Most organizations also incur costs for common or joint objectives that cannot be readily identified with an individual project or program. Facilities operation and maintenance costs, depreciation, and administrative expenses are examples of costs that usually are treated as indirect costs. These are necessary costs incurred by a recipient for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. Such indirect costs are not allowable.

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Can CRF funds be used for revenue replacement?

No. Revenue replacement is not allowable pursuant to the US Treasury Guidance.

Could you please distinguish between allowable "business interruption" and non-allowable "revenue replacement"?

If a private hospital cancelled all scheduled elective surgeries in anticipation of large numbers of COVID-19 cases, an allowable business interruption expense is paying the payroll cost of surgical nurses that are now working in a different part of the private hospital. A non-allowable revenue replacement is having to refund patients or insurance company for advanced payments related to an elective surgery.

What is the expectation for documenting business interruptions related to cancellation of elective surgery?

Estimates cannot be used for determining the cost of business interruption since this would appear to be revenue replacement. Documentation such as: payroll register of surgical personnel redirected to other areas of the hospital, or invoices of supplies purchased for surgical procedures that were redirected to COVID-19 patients.

Can I reimburse donors for donated items or services?

No. CRF funds cannot be used for reimbursing donors.

What happens to CRF funds or interest earned that is not spent by December 30, 2020?

All unspent funds and interest earned on these funds must be returned to the State, and the State in turn will return the funds to the US Treasury.

Can we use CRF funds to offset patient payments whether or not services for those patients relate to COVID-19?

CRF funds can be used to offset cost for patient services if it directly relates to COVID-19 screening, testing, and other service provided during the visit. CRF funds can also be used to offset service costs related to patients that lost his or her job due to business closure and furloughs related to COVID-19. It will be the recipient's responsibility to ensure appropriate documents are maintained related to services rendered and unemployment status. When CRF funds are used to offset patient costs, the recipient cannot use CRF funds for staffing costs or other related costs that are built into the patient service charges. This would be considered duplication of benefits or double dipping.

Can these funds be used for personal protective equipment (PPE) supplies for providers who do not have any COVID patients but are experiencing supply shortages and cost increases because of the existence of COVID in the state.

Yes, it is allowable to use CRF funds to purchase personal protective equipment that will be used by employees, patients or visitors to mitigate the spread of COVID-19.

Can CRF monies be used to increase the number of negative pressure intensive care units for COVID-19 patients?

Yes, it is allowable to use CRF money to increase capacity in the intensive care unit for COVID-19 patients.

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PPE demands have increased exponentially requiring increased store space that must be temperature controlled. Is it allowable to building a temperature-controlled storage building for these supplies (shields, masks, ventilator equipment, gloves, gowns, etc....)?

It is allowable to use CRF money to increase storage space for proper storage of personal protective equipment since there is an increase of PPE usage by hospital staff.