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September 15, 2022

Ana Montero
Division Director, Public Assistance
Federal Emergency Management Agency
500 C Street, SW
Washington, DC 20472

Re: Methodology for preventing duplication of FEMA benefits

Dear Ms. Montero:

On behalf of the Healthcare Association of New York State and our hospital and health system members statewide, thank you for your important efforts to reimburse hospitals and health systems for eligible COVID-19-related expenses. We appreciate FEMA's engagement with the New York congressional delegation and good-faith attempts to adjust processes throughout the COVID-19 pandemic to expedite the delivery of much-needed funding.

HANYYS welcomes the opportunity to provide feedback on the agency's proposed approach for reviewing hospital public assistance projects for duplication of benefits with patient care revenue from third-party payers. We request that FEMA conduct duplication of benefits reviews on an expedited basis.

Applicant-provided method

HANYYS appreciates that FEMA will allow hospitals to use their own methodology for offsetting expenses that were covered by patient care revenue to mitigate duplication of benefits.

However, we urge FEMA to conduct an accelerated review of the applicant-provided method given the long delays that have already occurred in obligating necessary funds for expenses that hospitals have incurred responding to the COVID-19 pandemic.

To achieve an accelerated review, it's extremely important that FEMA have the appropriate staffing resources available or consider hiring more staff.

Additionally, HANYYS is concerned that FEMA may favor its voluntary method over the applicant-provided method, which could cause unnecessary rework for hospitals and lead to further delays in processing applications.

HANYS strongly recommends that FEMA give equal weighting to both the voluntary method and the applicant-provided method. It would be unfair to hospitals that provide their own methodology if FEMA favors the voluntary method.

To assist hospitals and reduce the resources needed to review the applications, FEMA should provide examples of the already approved applicant-provided methods. In doing so, any hospital using an already approved method should have its application expedited. This would help accelerate the obligation of much-needed funds for expenses hospitals incurred during the pandemic.

Voluntary method

HANYS appreciates FEMA's effort to develop a voluntary method for those hospitals that choose not to develop their own hospital methodology and we ask FEMA to consider the following recommendations.

HANYS urges FEMA to publicly post how the actual cost ceilings for each category will be calculated before finalizing the proposed voluntary method. Unfortunately, FEMA did not publish adequate information for hospitals to provide detailed feedback. We recommend FEMA provide more examples of how the voluntary method would be applied and the documentation required in certain situations.

To help hospitals, FEMA should make a model Excel template available once the voluntary method is finalized. The Excel file should include the Medicare cost report worksheets and line numbers used in the offset calculation. This would enable hospitals to calculate the various ceilings and any required expense offsets to avoid duplication of benefits. Standardizing an Excel template would also help create more consistency across all applications under this method.

Lastly, HANYS recommends that FEMA provide an appeal process that involves a second-level review conducted by someone who was not involved in the initial review. This will provide an opportunity for further dialogue between the hospital and the FEMA reviewer to discuss any differences presented.

Low/high-risk items

FEMA states in its common questions that there is a list that could be made available of those items considered "low-risk" and "high-risk" for being offset by patient service revenue. HANYS strongly recommends that FEMA publicly post a comprehensive list of these items for hospitals to use as they prepare their applications.

In cases where a project application includes both low-risk and high-risk items, HANYS asks FEMA to allow for the expedited processing and payment of the low-risk items included in the application.

Unbudgeted equipment

To respond to the COVID-19 pandemic, hospitals have purchased a significant amount of unbudgeted equipment (e.g., ventilators) to protect healthcare workers and provide lifesaving

care to individuals who suffered from COVID-19. However, it is our understanding that FEMA will only reimburse providers for the depreciation cost of the equipment realized during the public health emergency. We have great concerns with this since the unbudgeted equipment purchased specifically in response to the COVID-19 pandemic will not be used by hospitals after the pandemic. HANYS requests that FEMA fully reimburse hospitals for the total expense of unbudgeted equipment purchased in response to the COVID-19 pandemic. If FEMA only covers the depreciation expense realized during the PHE, the agency will shortchange hospitals that have taken extraordinary measures during such a critical time.

Other barriers to reimbursement

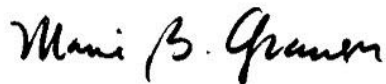
In addition, we continue to urge the agency to address other barriers to FEMA reimbursement for pandemic-related expenses, including the treatment of hospital staffing expenses for those who were redeployed from their standard day-to-day roles to perform other duties in support of the pandemic response.

Further, as a general rule, when applying any standards and reimbursement for various expenses, we encourage FEMA to consider the context under which hospitals on the front lines of the COVID-19 pandemic incurred expenses. Particularly in New York during the early stages of the pandemic, hospitals and health systems were squarely focused on devoting all possible efforts and resources to combating what was a novel and uncertain threat.

Thank you for the opportunity to provide feedback on this important issue. Your continued engagement is critical to preventing the fiscal deterioration of our hospitals and health systems.

If you have questions regarding our comments, please contact Cristina Batt, Vice President, Federal Relations, at 202.488.1272 or cbatt@hanys.org.

Sincerely,

A handwritten signature in black ink that reads "Marie B. Grause". The signature is written in a cursive, flowing style.

Marie B. Grause, RN, JD
President