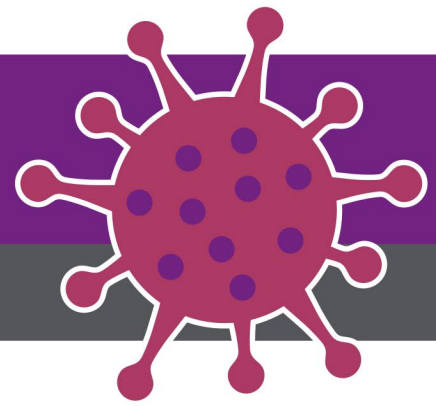


CORONAVIRUS DISEASE (COVID-19)

Funding Support to Address COVID-19 Challenges



Audience: Leadership

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Background

The economic downturn caused by the COVID-19 pandemic led to the passage of the Coronavirus Aid, Relief and Economic Security (CARES) Act and other actions to support organizations and individuals to cope during the crisis. Following is information about steps Trinity Health is taking to address stewardship challenges and pursue related funding from the federal government.

Stewardship Challenges

Decreasing volume due to COVID-19 is resulting in a significant loss of revenue from elective and non-urgent procedures that make up a significant portion of our operating income. In addition to the loss of revenue, we are also investing more in supplies and infrastructure to protect colleagues and patients during COVID-19 surge at each ministry, including:

- Increased funding for acquiring personal protection equipment (PPE), medications and other COVID-19-related supplies
- Emergency capital deployed for COVID-19 surge plans to be spent on beds, ventilators, telemetry monitors, etc.
- Increased clinical staffing to support surge capacity through redeployment of current colleagues, FirstChoice and other methods

These additional costs and revenue losses had a severe negative impact on Trinity Health's financial position. We anticipate that this may continue into fiscal year 2021. As a result, the following measures were taken to reduce costs:

- Frozen capital except for supporting ministries responding to the COVID-19 crisis
- Reduced executive pay
- Temporary furlough and reduction in hours for staff, primarily non-clinical
- Vendor payment concessions
- Reduced discretionary spending
- Continued investigation into other ways to reduce spending

The situation is not unique to Trinity Health. Businesses in all sectors throughout the United States and the world are feeling the effect of COVID-19. National, state and local governments have released funding to help support essential business and the economy. Trinity Health has received, and is pursuing, some of these additional funding sources when they make sense not only now, but for the future.

While the additional funding helps offset a small portion of the expenses incurred, it is not enough to cover our total losses which extend beyond that of the direct costs related to the care of COVID-19 patients. Having to reduce procedural volumes and elective services has had a much greater impact on revenue than what is covered by these funds.

Trinity Health is continuing its advocacy efforts to increase governmental relief.

CARES Act

The Coronavirus Aid Relief and Economic Security (CARES) Act passed into law on March 27, 2020 provides emergency assistance to individuals, families and businesses affected by the COVID-19 pandemic. Several provisions within the CARES Act provide support specific to health care. Below are details of these reimbursement and funding areas.

- **COVID-19 Medicare patient payment increase of 20 percent** for Diagnostic Related Groupings (DRG) with a primary or secondary diagnosis of COVID-19. The impact we see will depend on our COVID-19 inpatient volume and mix of cases.
- **Temporary suspension of the two percent Medicare sequestration**, the penalty created during the Budget Control Act of 2011 to reduce costs, effective May 1 through Dec. 31, 2020.
- **Medicaid Disproportionate Share Hospital (DSH) payment cuts** are deferred from May 23 through Nov. 30, 2020 and will be 50 percent less than current law beginning Dec. 1.
- **Accelerated and advanced Medicare payments** provide interest-free advance of Medicare payments to assist providers with cash-flow issues due to deferred non-emergency services and other disruptions from COVID-19.
- **Public Health and Social Services Emergency Fund for Healthcare Providers** released a portion of the provider relief funding out of the \$100 billion authorized through the CARES Act. Trinity Health received payments on April 10 of our share of total Medicare FFS reimbursements in 2019. These funds can only be used to prevent, prepare for, and respond to COVID-19, including expenses/lost revenue as the result of the pandemic.
- **FCC Telehealth Program Fund for Healthcare Providers** will provide \$200 million in funding to assist in establishing connected care services to patients at their homes or mobile locations in response to COVID-19.

Health Plan and Health Insurance Support (Commercial Payors)

In March, Trinity Health began reaching out to health plans nationally and regionally to seek their assistance. The requests made include relaxation of administrative requirements, additional coverage for telehealth services, reimbursement of telehealth services at the same rate as in person visits, faster claim payment and payment of all outstanding claims. Trinity Health is also seeking preservation of payments and protection from losses related to Alternative Payment Models. We will continue to seek administrative and financial relief from health plans. Thus far, we have obtained mixed support from payors.

Other Sources of Support

In addition to the CARES Act, Trinity Health is actively pursuing all available sources of funding. Efforts are currently underway for accessing:

- FEMA
- State and local governments
- Agencies
- Educational
- Philanthropy

CARES Act

