

## Fiscal Year (FY) 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Small Rural Hospital Improvement Program Examples of Allowable Uses of Funds

This is a list of CARES award activities and purchases that may support hospitals funded through the Small Rural Hospital Improvement Program (SHIP). One-time funding will provide support to hospitals to prevent, prepare for, and respond to the coronavirus-related (COVID-19) public health emergency.

This list is not exhaustive, as there may be other allowable uses of funds consistent with the terms and conditions of your award. Ensure that your activities to address COVID-19 are consistent with CDC guidance for healthcare professionals and federal, state, territorial and local public health recommendations.

### Safety – Hospitals are safe for staff and patients

- Purchase supplies for respiratory hygiene and cough etiquette, including alcohol-based hand sanitizer that contains at least 60% alcohol, tissues, and no-touch receptacles for disposal.
- Purchase PPE or supplies to fashion protection for hospital personnel and suspected or known-infected patients, including National Institute for Occupational Safety and Health (NIOSH)-approved N95 respirators for hospital personnel.
- Review, update, and/or implement your emergency operations plan, including plans to address surge capacity and potential provider and other hospital staff absenteeism.
- Refresh training for all staff on standard and contact precautions, respiratory hygiene, and [infection control procedures](#), including administrative rules and engineering controls, environmental hygiene, and appropriate use of personal protective equipment (PPE). Hospitals may consider using the Centers for Disease Control and Prevention's (CDC) [pre-pandemic training](#) for influenza, which is also recommended for COVID-19.
- Review your infection control plan and make necessary adjustments to align with [CDC Guidelines for Environmental Infection Control in Health-Care Facilities](#).
- Ensure and enhance as needed to align with evolving recommendations, implementation of infection control plans and procedures, particularly regarding surface, space, clothing, and instrument cleaning/sanitization.
- Create new and enhance existing preparedness and response workflows to embed [CDC guidelines](#) and [recommendations](#), which may require role/task reassignment.
- Train staff, establish workflows, and designate separate space for clinical and administrative services for persons under investigation and those testing positive for coronavirus.
- Purchase and post visual alerts (signs, posters) at entrances and in strategic places providing instruction on [hand hygiene](#), [respiratory hygiene](#), and [cough etiquette](#).
- Embed [CDC guidance](#) into electronic health record (EHR) clinical decision support tools.
- Purchase and install temporary barriers and/or reconfigure space through minor alteration and renovation activities to support appropriate physical distancing of patients and/or maximize isolation precautions for persons under investigation and those testing positive for coronavirus.
- Renovate interior floor plan and/or purchase equipment to maximize the use of telehealth.
- Enhance or install heating, ventilation, and air conditioning (HVAC) systems to promote facility air quality and hygiene.

The following are ineligible costs:

- Purchase or upgrade of an electronic health record (EHR) that is not certified by the Office of the National Coordinator for Health Information Technology;
- New construction activities (new stand-alone structure) and/or associated work required to expand a structure to increase the total square feet of a facility;
- Significant site work such as new parking lots or storm water structures;
- Work outside of the building other than improvements to the building entry for handicapped accessibility, generator concrete pads, and other minor ground disturbance;
- Installation of a permanently affixed modular or prefabricated building; and
- Facility or land purchases.

### Response – Detect, prevent, diagnose, and treat COVID-19

- Support COVID-19 testing and laboratory costs, including purchasing COVID-19 tests, specimen handling and collection, storage, and processing equipment, as appropriate.
- Purchase equipment (such as ventilators and respiratory equipment) to treat patients impacted by COVID-19
- Support increased capacity for patient triage, testing (including drive- or walk-up testing) and laboratory services, and assessment of symptoms, through enhanced telephone triage capacity, digital applications, text monitoring systems, videoconference, and additional providers and other personnel.
- Enhance telehealth infrastructure to perform triage, care, and follow-up via telehealth, including with patients in their homes, community settings, public housing, and other locations, including patients with unstable or no housing.
- Perform outreach and provide patient and community-wide education on [hand hygiene](#), [cough etiquette](#), and [COVID-19 transmission](#), using existing materials where available.
- Disseminate [educational materials](#) on precautions to [prevent](#), contain, or [mitigate](#) COVID-19 and other respiratory illnesses.
- Purchase and administer COVID-19 therapeutics and vaccines when available, including other measures that may be identified to lessen severity or length of COVID-19 illness.
- Enhance staffing and purchase equipment and supplies (e.g., triage tents) as necessary to create separate temporary testing areas and deploy drive- or walk-up testing and laboratory services locations.
- Enhance website and social media feeds to include patient self-assessment tools and facilitate access to telemedicine visits.
- Enhance telemedicine infrastructure to optimize virtual care, including the use of home monitoring devices and video to help triage need for emergency services.
- Enhance workflows, health information exchange capacity, and data exchange to support communications with public health partners, centralized assessment locations, and other health care providers.
- Provide or otherwise support enhanced medical respite/recuperative care services.
- Purchase or lease radiological equipment to aid in testing and diagnosis, including the purchase of health information technologies to support remote reading.
- Purchase a mobile unit to provide testing and/or to deliver care.

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- Coordinate with public health entities to help develop and enact the local and state emergency response plans.
- Support transitions in care (e.g., to and from hospitals or other health care providers) and coordination with health care partners, including health departments and other hospitals, by enhancing workflows, health information exchange capacity, and data exchange.
- Increase enabling services that address social risk factors amplified by the public health emergency (e.g., transportation, community health workers, home visits).

### Maintain hospital operations

- Support personnel salaries in response to COVID-19 impacts.
- Support transitions as necessary to increase access to care through telehealth.
- Repurpose office space and/or reassign personnel to maintain or increase capacity to hospital services in the context of COVID-19 and ongoing needs of the patient population.
- Develop new and/or update existing patient registries to inform workflows that will support continuity of services to patients whose access has been limited by COVID-19 response.
- Provide paid leave to exposed or vulnerable hospital staff, including those unable to work due to the public health emergency.
- Hire and/or contract with new providers and/or other personnel to support increased service demand due to COVID-19.
- Purchase equipment to enhance electronic tracking, data exchange, reporting, and billing.
- Purchase or upgrade of an electronic health record that is certified by the Office of the National Coordinator for Health Information Technology.

**See next page for specific questions and answers about use of funds.**

### **Can a hospital use funds for salaries around COVID-19 emergency strategic planning?**

Salaries and wages are allowable if staffing is specific to COVID-19 and not charged to another federal award. (The funding through this award should be used to complement, not duplicate or supplant, other funds received through existing payment or other CARES Act programs supporting hospitals).

### **Can SHIP COVID-19 funds be used for hospital salaries and wages?" For example, if a hospital wants to use funds to pay staff, does that have to be for specific staff or can they report it as a staff budget line item, since they've had a financial loss in that area of the budget as well?**

Salaries and wages are allowable if staffing is specific to COVID-19 and not charged to another federal award. The funding through this award should be used to complement, not duplicate or supplant, other funds received through existing payment or other CARES Act programs supporting hospitals.

Separate from the COVID SHIP funding, organizations may be eligible to be reimbursed or compensated for lost revenues through other federal or state programs, including but not limited to the Small Business Administration's Paycheck Protection Program and HHS's \$100 billion CARES Act Provider Relief Fund.

### **Is Hazard Pay an allowable cost? For example, a hospital paid a one-time payment (\$250) to each employee for working during this coronavirus crisis.**

Hazard pay is allowable on the COVID-19 grant. Hospitals must keep strict accounting records to document Hazard Pay. "Personnel who will be paid with grant funding must receive salary and benefits consistent with the hospital's policies for paying salaries under unexpected or extraordinary circumstances from all funding sources, federal and non-federal". For additional information, see <https://bphc.hrsa.gov/program-opportunities/coronavirus-disease-2019/faq>.

If you do not have such policies in place, you should immediately develop and officially adopt them. This is allowed through the OMB flexibilities listed in memoranda M-20-11 (PDF - 1.3 MB) and M-20-17 (PDF - 5.4 MB). You must document that you are following your organizational policy for charging salaries during unexpected and extraordinary circumstances. You should also document that you are following HRSA guidance as adopted and permitted by the OMB memoranda.

Recipients (and sub recipients) must maintain appropriate records and cost documentation as required by 45 CFR § 75.302 - Financial management and standards for financial management systems and 45 CFR § 75.361 - Retention requirement for records to substantiate the charging of any salaries and other project activity costs.

### **If a hospital receives funds for the PPP for an eight-week period, can the hospital use SHIP COVID funds for personnel salaries after that period of time?**

Yes, salaries for personnel working directly on COVID-19 activities will be covered at the end of the Paycheck Protection Program entitlements. Hospitals may use grant funds or non-grant funds to continue to pay staff as a means of maintaining capacity during the COVID-19 public health emergency and to help ensure readiness to address the full range of comprehensive primary health care needs, including pent up demand, as the emergency abates. This includes the use of funds for obligations incurred during the course of the emergency, since January 20, 2020, either for current payment or reimbursement of incurred costs, including staff salaries". For additional information, see <https://bphc.hrsa.gov/program-opportunities/coronavirus-disease-2019/faq>.

**Can the hospitals fund a salary with 50 percent of one grant and 50 percent of COVID-19 SHIP?**

Yes, salaries specific to COVID-19 response may be split between two grant programs, provided that funding is used to complement, not duplicate or supplant, other funds received through existing payment or other CARES Act programs supporting hospitals. Salaries must not exceed 1.0 FTE and at least 50% of funds must be spent on COVID response.

**What about the Advanced Payment and Accelerated programs? For example, if a hospital is borrowing from CMS based on their past Medicare revenues are to pay those dollars back?**

Not allowable, hospitals MAY NOT use grant funds for costs that are reimbursed or compensated by other federal or state programs that provide for such benefits. Grantees CANNOT use SHIP funding to take the place of other funding sources (supplant) or take the place of other funding sources (duplicate). For example, funding from the Small Business Administration's Paycheck Protection Program, \$100 billion in the Public Health and Social Services Emergency Fund, or unemployment compensation.

**Can these funds be used to make a purchase that is split with another grant? For example, a hospital purchases \$100,000 worth of PPE in preparation or response to COVID-19, can the funds be used to pay a portion of that invoice with the remainder paid by a separate grant?**

Yes, this is considered cost sharing and is permissible. However, recipients must document the methodology for determining what percentage of the expenditures are being charged to each grant. Per 45 CFR § 75.403(d), for costs to be allowable under a federal awards costs but be accorded consistent treatment. Recipients (and sub recipients) must maintain appropriate records and cost documentation as required by 45 CFR § 75.302

**Can a hospital use funds to replace an electrical panel if this replacement is necessary to accommodate the use of equipment that is needed for COVID-19 response and general hospital operations?**

Normally these expenses would be part of the general office maintenance and not allowable. However, if these replacements are essential and related to COVID-19 response, then it is allowable.

**Is renovating interior floor plan and/or purchase equipment to maximize the use of telehealth allowable?**

Yes, as long as the renovation and the equipment purchases are essential and related to COVID-19 preparation, response, and maintenance. Please note that renovation costs cannot exceed 10% of the total award cost.

**Can a hospital use Coronavirus SHIP funding to update computer operating systems to Windows 10, and also update the wireless system?**

Yes, if the funds will provide support to hospitals to prevent, prepare for, and respond to the coronavirus (COVID-19) public health emergency.

Remember, all purchases must be consistent with CDC guidance for healthcare professionals and federal, state, territorial, and local public health recommendations.