

**Skilled Nursing Facility COVID-19 Costs Above Cap Payments and Cluster Payments
Arkansas Coronavirus Relief Fund (ACRF) ■ Department of Human Services (DHS)**

FREQUENTLY ASKED QUESTIONS

June 8, 2020

This FAQ answers questions DHS has received from skilled nursing facilities regarding the Costs Above Cap Payments and Cluster Payments from the Arkansas Coronavirus Relief Fund (ACRF).

GUIDANCE FOR MEETING MEDICAID-RELATED COST REQUIREMENTS

Question:

Please provide technical guidance on how skilled nursing facilities may best comply with:

1. This requirement for Costs Above Cap Payments from the Arkansas Coronavirus Relief Fund:

“Excluded are that portion of the Facility’s COVID-19 costs, if any, reimbursable under Medicaid direct and indirect cost caps applicable to the Facility and the March-June 2020 period.”
2. The *Other Sources of Payment for COVID-19 Expenses* requirement in the Terms and Conditions for the Costs Above Cap Payments and Cluster Payments.

Answer:

A skilled nursing facility will comply with those requirements through these two actions:

1. **Limit Claims for Costs Above Cap Payments Based on Recommended Formula:** The facility ensures that the total dollar amount of COVID-19 expenses claimed for Costs Above Cap Payments does not exceed the following, whichever is less:
 - a. \$150,000 per skilled nursing facility, OR
 - b. The sum of **CPE Claimed + (Average PPD – Weighted PPD) x Average Daily Census x 122**

Formula Definitions:

- CPE Claimed means the dollar amount of all COVID-19 capital, property, and equipment-related expenses claimed for Costs Above Cap Payments.
- Average PPD means the facility’s average per patient day (PPD) cost for direct care-related and indirect, administrative, and operating (IA&O) related expenses combined for the period March 1, 2020 through June 30, 2020.
- Weighted PPD means the facility’s DHS-determined weighted PPD rate for direct care and IA&O expenses combined in effect on March 1, 2020. (Facilities that did not file an SFY 2019 Medicaid costs report due to a change of ownership [CHOW] should use their interim rate [direct care and IA&O components combined].)

- Average Daily Census means the facility's average daily census (all payors) for the period March 1, 2020 through June 30, 2020.
- 122 is the number of calendar days for the period March 1, 2020 through June 30, 2020.

2. **Identify ACRF Claimed Expenses with SFY Medicaid Cost Report:** As part of the facility's SFY 2020 Medicaid cost report submission to DHS, provide a supplemental document which separately identifies each COVID-19 expense for which the facility claimed and received Costs Above Cap Payments and Cluster Payments from the Arkansas Coronavirus Relief Fund. This may be the same itemized list of claimed expenses the facility submits to DHS on or before August 31, 2020 with the receipts, invoices, or other expense documents.

Facilities are reminded that all expenses claimed for Costs Above Cap Payments and Cluster Payments must be reasonable and necessary or prudent due to the COVID-19 pandemic. Further, claim expenses must be paid or incurred period of March 1, 2020 through June 30, 2020.

However, given the extraordinary nature of the public health emergency, the COVID-19 expenses claimed for Costs Above Cap Payments or Cluster Payments are not limited to the type of expenses ordinarily allowable or otherwise reimbursable through Medicaid or Medicare. This applies to any type of reasonable and necessary or prudent COVID-19 direct care related, IA&O related, or capital, property, and equipment expense (except for those specific costs excluded under *Lost Revenue and Certain Expenses Excluded* of Terms and Conditions).

QUALITY ASSURANCE FEE AND COVID-19 RELATED PAYMENTS

Question:

Are nursing facilities required to pay the Quality Assurance Fee on the following types of COVID-19 related payments:

1. Arkansas Coronavirus Relief Fund (Costs Above Cap Payments and Cluster Payments),
2. HHS Public Health and Social Services Emergency Fund (HHS Provider Relief Fund), or
3. DHS pass-through payments for direct care and indirect care worker wages (including reimbursement of associated employer payroll taxes)?

Answer:

No. Quality Assurance Fees are not assessed on payments a nursing facility may receive from the three types of COVID-19 related funding listed above. DHS has determined payments from these COVID-19 related funds are not "gross receipts" for purposes of the Quality Assurance Fee (QAF) under AR Code § 20-10-1602.

Therefore, any funds a nursing facility receives from the three COVID-19 related funding sources listed above should be excluded from gross receipts figures reported to DHS for the QAF. Facilities should, of course, retain financial records of all COVID-19 related funding received.

DOCUMENTATION OF COVID-19 PAID EXPENSES AND INCURRED EXPENSES

Question:

Are vendor invoices acceptable documentation of COVID-19 related incurred expenses? Or are paid receipts required to document each COVID-19 related expense a facility may claim?

Answer:

For specific COVID-19 related costs claimed to receive Costs Above Cap Payments or Cluster Payments from the Arkansas Coronavirus Relief Fund, both paid expense and incurred expense documentation are acceptable. Acceptable documentation includes vendor contracts, purchase orders, invoices, payroll documentation, and receipts or similar proof of payment.

If a particular expense remains incurred but not yet paid when the facility submits required cost documentation to DHS (due by August 31, 2020), incurred expense documentation, such as a vendor invoice, is acceptable. For paid expenses, a vendor receipt, payroll documentation, or similar documentation is acceptable.

Following submission of cost documentation, if the amount owed on a specific incurred expense is subsequently reduced (e.g., to resolve a vendor dispute), the facility must repay the Arkansas Coronavirus Relief Fund (via DHS) for the difference between the originally documented incurred expense and the final paid expense.

DEFINITION OF ARKANSAS RESIDENT

Question:

To qualify for a Cluster Payment for a given week during the March-June 2020 period, a skilled nursing facility (SNF) must have actively served at least one positive COVID-19 patient who is also an Arkansas resident. For purposes of the Cluster Payments, is a SNF patient an Arkansas resident after 30 days (the same guideline used by Medicaid)?

Answer:

Yes. For purposes of the Cluster Payments, a COVID-19 positive patient of an Arkansas SNF may be considered an Arkansas resident after residing 30 consecutive days in the facility (or 30 consecutive days in any combination of the facility, another Arkansas SNF, Arkansas assisted living facility, or Arkansas inpatient hospital). The individual COVID-19 positive patient(s) need not be a Medicaid or Medicare beneficiary.

EXAMPLES OF COVID-19 RELATED COSTS ELIGIBLE FOR ARKANSAS CORONAVIRUS RELIEF FUND PAYMENTS

Question:

Please provide examples of the types of COVID-19 related costs eligible for Arkansas Coronavirus Relief Fund Costs Above Cap Payments and Cluster Payments.

Answer:

For the Arkansas Coronavirus Relief Fund Costs Above Cap Payments and Cluster Payments, the types of COVID-19 expenses that may be claimed include, for example:

1. Staffing expenses, including salaries, wages, overtime pay, employer share of payroll taxes, worker's compensation insurance, federal-state unemployment insurance taxes, and employer's share of employee benefits (e.g., health insurance, retirement benefits).
2. Contracted staffing expenses, including for nurse consultants, infection control specialists, and other necessary COVID-19 related professional or technical services.
3. Costs of security and entry/exit screening of visitors and employees.
4. Supplies, including personal protective equipment (PPE).
5. Meals for workers.
6. Facility-initiated testing of patients and staff performed before the availability of test reimbursement through Medicare or the CARES Act.
7. Modifications to physical structure or buildings needed for isolation, other infection control and prevention purposes, or security.
8. Improvements to building and room environmental systems for infection control and prevention.
9. Additional services and supplies necessary to perform food service, housekeeping, and laundry services under COVID-19 conditions.
10. Specialized services and equipment for infection control and prevention.
11. Services, equipment, and supplies to disinfect and sterilize rooms, isolation areas, common areas, etc.
12. Tablet computers (e.g., iPads) to support patients' telemedicine visits and patient communication with family and friends.
13. Other expenses reasonable and necessary for the facility to (a) address the needs of patients during the COVID-19 emergency, (b) improve infection control and prevention, (c) comply with new COVID-19 related federal or state regulatory requirements, or (d) implement practices and procedures recommended by the Arkansas Department of Health (ADH) or Centers for Disease Control and Prevention (CDC).

Under the Terms and Conditions in the Arkansas Coronavirus Relief Fund payment request forms, certain expenses (e.g., retention bonuses for staff) are ineligible for Costs Above Cap Payments and Cluster Payments.