



Nursing Facility Transformation Program

Questions and Answers – Round Two

September 25, 2020

Question 1:

Would you be able to provide additional guidance for 3.6 Uses of Funds bullet 2.

- *Costs resulting from the business interruption resulting from COVID-19 that enable the applicant to continue to deliver care during the pandemic, including typical payroll and benefits, rent or mortgage payments, equipment lease payments, and other standard operating expenses.*

This bullet seems to be very generic and encompasses a wide range of standard operating costs. Would this include lost revenues because of COVID-19 in addition to standard operating costs?

In addition for bullet 2 would I just need to demonstrate that funds received paid a specific operating invoice such as a specific invoices?

Answer 1:

Clarification regarding uses of funds was provided in the first Nursing Facility Transformation Program Questions and Answers document (9/16/20) – see Answer 2 (copied below):

The purpose of this grant is to mitigate any interruption to business caused by the COVID-19 pandemic. The grant is to encourage the nursing facility industry to explore ways to diversify their business models while remaining viable through the COVID-19 public health emergency. The available grant funds are therefore intended to cover costs resulting from the COVID-19 pandemic from March 1, 2020 to December 30, 2020. Award recipients will be required to document and demonstrate that funds received are spent on the expenses as described in Section 3.6 of the Program Guidance.

*Because Award recipients will have this additional funding to mitigate the impact of COVID-19 on their normal operating expenses, **it is expected that they will have additional flexibility to reinvest in planning for the diversification of their current business model.** Section 3.4 Program Evaluation Criteria, and Application Attachments B & C both provide guidance for the expected investments of program applicants. It is expected that the final evidence and outcome of firm plans for such a diversification of the current business model will be a reduction in nursing facility beds and/or reserving beds for specialized capacity.*

Question 2:

I would also like some guidance with the financial controls. I understand the tracking funds in a standard operating account. What I am unsure of is tracking the expenditures. Since much of expenditures are payroll related or are part of our general operations I would prefer to identify track the costs vs moving costs to separate GL accounts. This is the approach I am taking for the Cares Act General and Targeted distributions. Please let me know if this is acceptable.

f. Implement Financial Controls: Applicant agrees to retain and track funds and expenditures in a separate operating account consistent with sound grant management practices; provide periodic status



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and financial reports in a format approved by EOHHS and DOA, and respond to state auditing requests as needed.

If there is any additional guidance please let me know.

Answer 2:

For clarity, this means that the applicant shall employ accounting practices allowing for clear tracking of revenue and expenses attributable to this project, separate from revenue and expenditures attributable to other activities.

Question 3:

My question is in regards to the Resiliency Application. If a facility wanted to take wing that has shared bathrooms for 2 rooms (4 people) and add bathrooms so that each room has it's own bathroom (for 2 people instead of 4) could these funds be used for that purpose.

Answer 3:

See **Answer 1** for clarification of allowable uses of funds.

See Section 3.5 of the Program Guidance – successful proposals must be able to accomplish Deliverable #2: Demonstration of Transformation, as specified: *Demonstrated evidence of either a reduction of nursing facility beds (either delicensed or taken out of service), or specifically reserved for targeted, specialized capacity building.*

Question 4:

Scope: If we are applying for Option 2 (Targeted, Specialized Nursing Facility Service Capacity Building), can the grant include funding for related programs that will help ensure the sustainability of our proposed inpatient programs? For example, if we would transition 10 beds to behavioral health beds and provide related behavioral health services. This is part of our larger master plan for transforming our services for this safety net population, including outpatient services like a wellness clinic. Can something like the wellness clinic be included in the grant proposal for funding (since we see it as a longer-term way to address the population health needs and hopefully keep some portion of the population out of hospitals) or do we need to limit the scope to just the transition of the 10 beds and the related supporting services?

Similarly, as we noted above this grant would be a cornerstone of transforming our services which we think will lead to long-term sustainability. Is it appropriate to mention this as part of a broader plan, specifically as relates to the sustainability plan?

Answer 4:

See Section 3.4 of the Program Guidance: *Preference will be given to applications that create capacity and reserve beds for discharges from hospitals or reducing hospitalizations, particularly for behavioral health, TBI, ventilator and other populations.*



Question 5:

Use of Funds: The Use of Funds Section (3.6) is very COVID-19 specific and seems to fund activities similar to the CARES Act. Can you confirm that the funds can be used for building capacity related to the transition of beds for focused, at risk populations, in conjunction with alleviating capacity at area hospitals? Or does everything need to be directly tied to COVID-19 like outlined (to pay salaries, for PPE, etc.)?

The draft grant guidance allowed the funds to be used for construction related costs, but the final guidance did not mention that potential use. Can the funds still be used for construction related expenses?

Answer 5:

See **Answer 1** for clarification of allowable uses of funds.

Question 6:

Can you confirm that our interpretation of your response to question 2 regarding the use of funds is correct – the funding can be used for 1) COVID response costs and 2) anything left over can be used to create a specialized unit with reserved capacity.

What if the facility does not need any additional funds for COVID response (as they have received enough support through the Paycheck Protection Program loan and Provider Relief Funds)?

Can the facility direct the entire grant funding toward creating a specialized unit with reserved capacity?

Provider Relief Funds allowed for coverage of lost revenue related to COVID; can the funding of this grant be used towards lost revenue as well?

Answer 6:

Applicants must account for revenue received from other coronavirus relief funding (e.g. Paycheck Protection Program, Provider Relief Funds) - as stated in Section 2.1 of the Program Guidance: *These grant funds are an additional measure to be used as secondary to other federal coronavirus relief funding received by long-term care facilities, and other funding resources made available by the State over the duration of the COVID-19 response.*

Per Section 3 of the Program Application, applicants must attest to financial need accounting for other federal/state assistance received:

Financial Need: Applicant attests to a demonstrable financial need in the amount of the funds requested through this grant based on revenue loss sustained due to reduced occupancy or business interruption, after taking into account any other federal/state assistance received. Applicant must be able to provide evidence of this demonstrated need upon request.

Question 7:

Can Provider Relief Funds be used toward creating a specialized unit with reserved capacity?

Answer 7:

See **Answer 1** for clarification of allowable uses of funds.

Note that these are not Provider Relief Funds.



Question 8:

Is there any penalty or recoupment if it is determined that a provider used the grant funding not in accordance with section 3.6 (but made a good faith effort to spend appropriately)?

Answer 8:

See Section 3.6 of the Program Guidance: *In the event of an audit, if the facility is found to have used funds for ineligible expenses, the facility will be considered in violation of the grant agreement at which point RI EOHHS may begin the process of recouping all or a portion of the funds awarded by reducing future payments to the facility.*

Question 9:

In the original program language section 3.3, it noted that beds had to be reserved for at least 3 years. This language is not in the final program guidance. Can you confirm if the 3 years is applicable?

Answer 9:

See Section 3.5 of the Program Guidance, specifically the footnote to Deliverable #2 for details related to bed restoration:

Note: The Medicaid Director may consider restoring the beds at a future date if occupancy is greater than 95% and the facility demonstrates significant unmet need. In accordance with the Nursing Facility Principles of Reimbursement, the Medicaid Director must approve an increase to the licensed bed capacity, new beds or beds out of service brought back into service, for participation and payment in Title XIX Medicaid.