

TO: Chief Financial Officers
FROM: Katie Wunderlich, Executive Director
DATE: January 14, 2021
RE: CARES Funds in January Rate Orders

Adam Kane, Esq
Chairman

Joseph Antos, PhD
Vice-Chairman

Victoria W. Bayless

Stacia Cohen, RN, MBA

John M. Colmers

James N. Elliott, MD

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The purpose of this memo is to provide information related to Federal CARES funding and how these funds will be applied in each hospital's rate files for January, 2021.

CARES funds data has been applied as an offset to total revenue with each hospital's rate file as part of the mid-year update. This data was accessed from the CDC's website based on updated data available on January 6th. These funds are related to RY20 and are included in the first tranche of funds provided by the Federal government.

Katie Wunderlich
Executive Director

Allan Pack
Director
Population-Based Methodologies

Staff determined the CARES values from the website below based on the following filters and steps:

Tequila Terry
Director
Payment Reform & Provider Alignment

1. Click view data
2. Filter by State – MD
3. Export Data
4. Filter exported data by hospital or system

Gerard J. Schmith
Director
Revenue & Regulation Compliance

<https://data.cdc.gov/Administrative/HHS-Provider-Relief-Fund/kh8y-3es6>

William Henderson
Director
Medical Economics & Data Analytics

Staff reported the CARES funds by hospital based on the above filters. Staff then prorated the funds from the CDC's website based on the amount (%) of regulated revenue as reported in each hospital's 2019 RE Schedule to approximate how much of each hospital's CARES funds are related to regulated revenue.

The regulated CARES funds amount by hospital (or system when applicable) has been applied as an offset to the total RY20 revenue on the GBR 1 tab in each hospital's rate file. The following compliance scenarios are then applied based on the outcome of the offset and variance to approved RY20 revenue.

- Hospitals or systems that have a total value above their approved RY20 revenue as a result of the CARES funds application will have a \$0 revenue carryover from RY20 to RY21.
- Hospitals or systems that have a total value below their approved RY20 revenue as a result of the CARES funds application will have the entire revenue variance from RY20 added as a carryover to RY21.
- No penalties are applied as a result of the COVID-19 pandemic.

If you have questions about the application of CARES funds in your hospital's rate file, please contact Jerry Schmith at jerry.schmith@maryland.gov. If you have questions about the CARES fund amount that is being used in your hospital's rate file, please contact Amanda Vaughan at amanda.vaughan@maryland.gov.