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FINANCE

PLANNING & ASSESSMENT TOOL

A Healthcare Guide for Pandemic Flu Planning



PLANNING TODAY
FOR A PANDEMIC TOMORROW

**FINANCE PLANNING & ASSESSMENT TOOL:
A HEALTHCARE GUIDE FOR PANDEMIC FLU PLANNING**

**PLANNING TODAY FOR A PANDEMIC TOMORROW
PUBLICATION SERIES**

Prepared by the New Jersey Hospital Association

Supported by a grant from Roche Pharmaceuticals

April 2008



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INTRODUCTION

Through the use of a detailed assessment and planning tool, hospitals can review existing policies and procedures, identify gaps, adopt new policies and procedures and generate a pandemic influenza plan that will facilitate a more effective response during a crisis. This tool will assist hospitals in developing and adopting new policies that will be required to protect employees, patients and the hospital itself. The planning and assessment tool identifies critical elements within each module related to hospital operations during an emergency situation. In addition, the tool provides a variety of sample policies and procedures that facilities may elect to use in their planning process.

Critical areas to address when planning for a pandemic include:

Clinical Care	Leadership
Communication	Legal/Regulatory
Ethics	Operations
Finance	Psycho-Social
Human Resources	Supplies/Logistics/Support Services

How to Use This Module

Hospitals should form multi-disciplinary work teams to develop policies and procedures relating to each of the critical areas identified above. Diverse perspectives will help ensure that all issues or concerns that may be raised during a pandemic can be brought to the table while in the planning process.

The modules are to be used as a guide to facilitate discussion and to ensure that key points related to a topic such as human resources are identified and addressed in the planning process. Sample policies and/or procedures are provided; these policies and procedures are by no means all inclusive, and hospitals should not interpret the sample policies as what *must* be adopted. Sample policies are provided to assist a hospital in developing a policy that is consistent with the culture and values of the organization. Hospitals are not required to adopt any of the sample policies and procedures; they are intended simply to serve as a resource and guide in the planning process. *They are not reflective of a standard of care.*

Upon completion of the 10 modules reflected in *Planning Today for a Pandemic Tomorrow*, a "cross-walk" will be developed. This cross-walk will provide guidance for other module areas that should be referenced when developing policies and procedures. For example, when examining a Human Resources policy, the Legal and Regulatory module may need to be reviewed.

And finally, the information reflected in the planning and assessment tool modules is intended to be used as a fluid and flexible resource in dealing with the problems associated with a pandemic influenza outbreak. It is based on existing information, therefore hospitals should routinely review their plan to ensure new information is incorporated into policies and procedures as necessary.

FINANCE MODULE

An outbreak of pandemic influenza will likely result in a serious disruption in cash flow for hospitals, health care providers and other health care-associated entities. It is crucial, therefore, that facilities review existing financial policies and procedures and make appropriate adjustments in advance of such a crisis to ensure financial stability as a lack of financial resources would result in an inability to pay employees and vendors, making it difficult to sustain critical operations. Advance planning is the most effective way a facility can be confident in its ability to sustain operations both during and after a pandemic.

There are areas related to finance that are beyond the control of any one facility; for example, the policies and procedures for processing claims and continuing payments that will be implemented at the federal level by the Centers for Medicare and Medicaid Services. Regardless, a facility's financial crisis plan should address the end-effect such disruptions in payments at the federal and state levels will have for the facility's cash flow. As reflected throughout this document, NJHA is working with state and federal regulatory agencies to develop standard policies regarding claims processing, which could be implemented during a pandemic flu or any statewide public health emergency to assist hospitals in maintaining cash flow. *Those assignments which appear in italics reflect continued efforts by NJHA staff.*

Areas of strategic focus for effective financial planning should include:

- Cash-on-hand analysis
- Claims processing requirements
- Services reimbursement
- Payment from federal and state agencies
- Billing operations continuity
- Vendors' payments
- Lines of credit
- Payroll processing
- Recording of costs associated with a pandemic
- Current bond rating and potential bond rating following a pandemic

FINANCE MODULE

In the sections that follow, a series of planning/policy tasks are broken down by essential financial expertise areas. They are discretionary and are representative of the issues that *should* be considered. These tasks include:

- A. Operations – Internal
- B. Operations – Federal/State Agencies
- C. Operations – Health Plans
- D. Billing and Claims Processing
- E. Financial Institutions

Associated with each section are appendices and/or suggestions to refer to other toolkit modules that offer additional details, tips and/or further explanation of important considerations for each task. Careful planning in these areas will help to minimize the financial burden facilities will experience under the extreme conditions of a pandemic.

A. OPERATIONS – INTERNAL

	ASSIGNMENT	COMPLETED	IN PROGRESS	NOT STARTED	DATE TO BE COMPLETED	LEAD STAFF MEMBER
1	<p>Establish a work group to review and address financial concerns as they relate to a pandemic.</p> <p>Work group participants may include:</p> <ul style="list-style-type: none"> • Chief Financial Officer/Accounting • Chief Information Officer • Patient Accounts/Patient Financial Services • Human Resources • Supply Chain Management • Managed Care • Legal • Risk Management 					
2	Determine operating costs on a daily, weekly and monthly basis for the prior 12-month period. Use data as a base to determine revenue that must be available for continuity of operations.					
3	Tabulate cash-on-hand. Determine how long operations can be sustained during a pandemic based on existing financial resources.					
4	Identify all current sources of income and consider how they may be affected (e.g., if medical record documentation is compromised and claims are submitted with less information than required by payers, reimbursement may be reduced).					

A. OPERATIONS – INTERNAL

	ASSIGNMENT	COMPLETED	IN PROGRESS	NOT STARTED	DATE TO BE COMPLETED	LEAD STAFF MEMBER
5	Review all labor/union contracts to identify clauses that have financial implications during a declared emergency (e.g., bonus pay for hazardous work). (See Human Resources module).					
6	Obtain and review any Continuity of Operations Plans (COOP) from any group with which there is a service contract, e.g., insurers, physicians, etc.					
7	Establish salary payments as a financial priority for the hospital. See Human Resources module.					
8	Establish a policy to reduce employee's financial liability by lowering co-payments when accessing non-network healthcare services.					

A. OPERATIONS – INTERNAL

	ASSIGNMENT	COMPLETED	IN PROGRESS	NOT STARTED	DATE TO BE COMPLETED	LEAD STAFF MEMBER
9	Develop continuity plan for payroll functions. Plan should address the following: <ul style="list-style-type: none"> • Will the usual process for approving time sheets be modified in the event a supervisor is not available? • Who will have access to payroll systems in the event primary staff are unavailable? • Will/can payroll be conducted from a remote site? • Have various methods for distributing payroll been considered? For example, employees may not be able to access bank direct deposits; will optional cash salary payments be available? • Will backup staff be able to print checks in the event primary staff are unavailable? • How will paper checks be distributed? Will department managers collect and distribute to staff, or will they be distributed from a central location? • Should all employees be required to accept direct deposit? Is this possible? 					

A. OPERATIONS – INTERNAL

	ASSIGNMENT	COMPLETED	IN PROGRESS	NOT STARTED	DATE TO BE COMPLETED	LEAD STAFF MEMBER
10	Develop a web-based time and attendance system to allow employees and supervisors to record / approve time worked for payroll processing purposes.					
11	Contract in advance with an outside payroll vendor to ensure the ability to process payroll in the event the "in house" payroll system should become disabled. Utilize direct deposit whenever possible to eliminate the need for paper checks.					
12	Contact vendors about payment issues that may arise during a pandemic. Discuss possible remedies including: <ul style="list-style-type: none"> • Deferred payment • Partial payments • Credit 					
13	Establish purchase orders with secondary vendors in the event supplies from primary vendors become limited or depleted. (See Supplies, Logistics, Support Services module).					
14	Contact the facility's insurance agent and review policies related to external events (e.g., rioting) that may occur and cause damage to the hospital.					

A. OPERATIONS – INTERNAL

	ASSIGNMENT	COMPLETED	IN PROGRESS	NOT STARTED	DATE TO BE COMPLETED	LEAD STAFF MEMBER
15	Review the facility's insurance policies regarding coverage for the following: <ul style="list-style-type: none"> • Loss of income • Disability coverage for sick employees • Coverage for family members of employees • Death benefits • Legal liability for alternate standards of care • Legal liability for volunteers administering care (applies to physicians and other clinicians volunteering their time at alternate care sites, as well as Good Samaritans) • Malpractice • Change in scope of practice 					
16	Designate a staff member to be responsible for monitoring changes and waivers of requirements in the following government programs: <ul style="list-style-type: none"> • Medicare • Medicaid • SCHIP • HIPAA • EMTALA • Medicare certification of facilities • State licensure of facilities 					
17	Identify method(s) for communicating federal or state policy changes to staff working remotely from home or another location outside the hospital.					

A. OPERATIONS – INTERNAL

	ASSIGNMENT	COMPLETED	IN PROGRESS	NOT STARTED	DATE TO BE COMPLETED	LEAD STAFF MEMBER
18	<p><i>Determine availability of state or federal funds to compensate for financial losses attributed to a pandemic or other statewide public health emergency. A1, A2, A3</i></p> <p><i>FEMA may cover:</i></p> <ul style="list-style-type: none"> • <i>Emergency medical care</i> • <i>Temporary medical facilities</i> • <i>Sheltering</i> • <i>Storage and internment of unidentified human remains</i> • <i>Mass mortuary services</i> • <i>Overtime pay for regular employees</i> • <i>Regular and overtime pay for extra hires</i> <p><i>FEMA will not pay for:</i></p> <ul style="list-style-type: none"> • <i>Inpatient care</i> • <i>Follow-up treatment</i> • <i>Costs associated with loss of revenue</i> • <i>Increased administrative and operational costs due to increased patient load</i> • <i>Disaster-related recovery that is already covered by insurance</i> 					
19	<p><i>Ensure appropriate documentation in patient financial and clinical records to obtain federal and state disaster relief funding (if available).</i></p>					
20	<p><i>Create and have readily available a mechanism to track used resources so that disaster relief funding may be requested immediately post-event.</i></p>					

B. OPERATIONS – FEDERAL/STATE AGENCIES

	ASSIGNMENT	COMPLETED	IN PROGRESS	NOT STARTED	DATE TO BE COMPLETED	LEAD STAFF MEMBER
1	<i>Determine availability of periodic interim payments from Medicare and Medicaid payers to ensure continued cash flow in the event claims cannot be submitted, or only a limited number of claims can be filed.</i>					
2	<i>Determine whether there are changes to government programs for utilization management (UM) and claims processing, or whether enrollment-related waivers have been issued in preparation for a public health emergency.</i> <ul style="list-style-type: none"> • Medicare • Medicaid • SCHIP 					
3	<i>Determine whether the government has issued modifications to the following regulations in preparation for a public health emergency.</i> <ul style="list-style-type: none"> • HIPAA • EMTALA • Medicare certification of facilities 					

B. OPERATIONS – FEDERAL/STATE AGENCIES

	ASSIGNMENT	COMPLETED	IN PROGRESS	NOT STARTED	DATE TO BE COMPLETED	LEAD STAFF MEMBER
4	Designate a staff member to monitor UM and claims changes, waivers related to enrollment for public assistance and/or charity care, and rules modifications for the following: <ul style="list-style-type: none"> • Medicare • Medicaid • SCHIP • HIPAA • EMTALA • Medicare certification of facilities 					
5	Identify methodology for communicating federal and state policy changes to remote billing/claims department(s).					
6	<i>Determine whether Medicare and Medicaid have modified or suspended requirements related to medical record documentation during a state of emergency. B1</i>					
7	<i>Determine what documentation will be necessary in patient, financial and clinical records in order to obtain federal and state disaster relief funding.</i>					
8	<i>Determine what coding will be required by Medicare and Medicaid to reflect care that is provided at an alternate care site.</i>					

C. OPERATIONS – HEALTH PLANS

	ASSIGNMENT	COMPLETED	IN PROGRESS	NOT STARTED	DATE TO BE COMPLETED	LEAD STAFF MEMBER
1	<i>Meet with health plans to determine their strategy for continuity of operations during a pandemic.</i>					
2	Review payer contracts to see if they include clauses that address utilization management and claims processing during emergencies. Determine which areas need to be suspended to address operations during a pandemic. B1					
3	<p><i>Address suspension of contractual obligations, or establish memorandums of agreement with health plan providers regarding suspension of (or modifications to) the following processes to reduce interruptions in patient care during a pandemic:</i></p> <ul style="list-style-type: none"> • <i>Prior authorization</i> • <i>Precertification</i> • <i>Concurrent review</i> • <i>Referrals</i> • <i>Notice of admission</i> • <i>Claims submission deadlines</i> • <i>Retrospective medical necessity reviews</i> • <i>Provision of emergency department records</i> • <i>Medical record documentation</i> • <i>Physician coding</i> 					

C. OPERATIONS – HEALTH PLANS

	ASSIGNMENT	COMPLETED	IN PROGRESS	NOT STARTED	DATE TO BE COMPLETED	LEAD STAFF MEMBER
4	Review expected reimbursement with payers to determine whether payment for services during a pandemic will be subject to a case rate, per diem, periodic interim payment or other reimbursement methodology and whether reimbursement will be based on severity. Agree on coding parameters.					
5	<i>Determine whether payers have modified requirements related to medical record documentation after a state of emergency has been declared.</i>					
6	<i>Determine whether specific coding will be required by commercial payers to reflect care that is provided at an alternate care site. Determine which code must be used.</i>					

D. BILLING AND CLAIMS PROCESSING

	ASSIGNMENT	COMPLETED	IN PROGRESS	NOT STARTED	DATE TO BE COMPLETED	LEAD STAFF MEMBER
1	<i>Determine what coding is necessary to reflect care that is provided at an alternate care site. (See Section C)</i>					
2	<i>Establish agreements with insurance carriers to ensure they will recognize the alternate care site and will reimburse the hospital at its current contracted rate for emergency or acute care services, or a rate negotiated specifically for the alternate location pursuant to the memorandum of agreement.</i>					
3	Prioritize claim submissions. Consider submitting high-dollar claims first, or those that do not require extensive documentation.					
4	Reconcile existing periodic interim payment with the number of claims submitted and paid – or submitted and denied – to ensure accurate PIP payments during a pandemic.					
5	Determine availability of periodic interim payments from other payers to ensure continued cash flow in the event claims cannot be submitted.					

D. BILLING AND CLAIMS PROCESSING

	ASSIGNMENT	COMPLETED	IN PROGRESS	NOT STARTED	DATE TO BE COMPLETED	LEAD STAFF MEMBER
6	Review expected reimbursement with payers to determine whether payment for services during a pandemic will be subject to a case rate, per diem, periodic interim payment or other reimbursement methodology and whether reimbursement will be based on severity and include stop-loss provisions. Agree on coding parameters.					

E. FINANCIAL INSTITUTIONS

	ASSIGNMENT	COMPLETED	IN PROGRESS	NOT STARTED	DATE TO BE COMPLETED	LEAD STAFF MEMBER
1	Identify all investments to determine amount of liquidity that could be accessed on short notice. Understand possible penalties for accessing the investment early.					
2	Ensure through business continuity planning that necessary financial transactions can occur. (See Leadership module).					
3	Contact banking agency about keeping a signature block and extra checks at their location.					
4	Develop plan for banking functions to be taken over by a remote bank office. <ul style="list-style-type: none"> Consider whether bank is capable and prepared to take such action. If not, develop alternatives. Know which bank location would take over and which staff at that location are responsible for working with you. Regularly verify 24/7 contact information. Test the transfer of responsibilities as often as possible. 					

E. FINANCIAL INSTITUTIONS

	ASSIGNMENT	COMPLETED	IN PROGRESS	NOT STARTED	DATE TO BE COMPLETED	LEAD STAFF MEMBER
6	Establish a line of credit with local banks, possibly with deferred payment, in order to temporarily provide cash flow if claims processing and billing is delayed. Complete and continuously update a loan application that could be executed on very short notice. Lines of credit should be accessible by both web and telephone to access funds as needed.					
7	Keep a readily accessible file of all bond and rating agencies.					
8	Review bond covenants to determine consequences of default, such as an increase in interest rate. Determine the impact of potential consequences on facility's finances.					
9	Ensure the ability to access any "long term" investments and convert them to cash on short notice. Establish the ability to do so by web and telephone as well.					
10	Ensure overdraft protection with banks along with the ability to transfer funds within accounts easily.					

APPENDIX A I

FEMA GUIDE TO THE DISASTER DECLARATION PROCESS



FEMA

A GUIDE TO THE DISASTER DECLARATION PROCESS AND FEDERAL DISASTER ASSISTANCE

Local and State governments share the responsibility for protecting their citizens from disasters, and for helping them to recover when a disaster strikes. In some cases, a disaster is beyond the capabilities of the State and local government to respond.

In 1988, the Robert T. Stafford *Disaster Relief and Emergency Assistance Act*, 42 U.S.C. §§ 5121-5206, was enacted to support State and local governments and their citizens when disasters overwhelm them. This law, as amended, establishes a process for requesting and obtaining a Presidential disaster declaration, defines the type and scope of assistance available from the Federal government, and sets the conditions for obtaining that assistance. The Federal Emergency Management Agency (FEMA), now part of the Emergency Preparedness and Response Directorate of the Department of Homeland Security, is tasked with coordinating the response.

This paper explains the declaration process and provides an overview of the assistance available.

— THE DECLARATION PROCESS —

The Stafford Act (§401) requires that: “All requests for a declaration by the President that a major disaster exists shall be made by the Governor of the affected State.” A State also includes the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands. The Marshall Islands and the Federated States of Micronesia are also eligible to request a declaration and receive assistance.

The Governor’s request is made through the regional FEMA/EPR office. State and Federal officials conduct a preliminary damage assessment (PDA) to estimate the extent of the disaster and its impact on individuals and public facilities. This information is included in the Governor’s request to show that the disaster is of such severity and magnitude that effective response is beyond the capabilities of the State and the local governments and that Federal assistance is necessary. Normally, the PDA is completed prior to the submission of the Governor’s request. However, when

an obviously severe or catastrophic event occurs, the Governor’s request may be submitted prior to the PDA. Nonetheless, the Governor must still make the request.

As part of the request, the Governor must take appropriate action under State law and direct execution of the State’s emergency plan. The Governor shall furnish information on the nature and amount of State and local resources that have been or will be committed to alleviating the results of the disaster, provide an estimate of the amount and severity of damage and the impact on the private and public sector, and provide an estimate of the type and amount of assistance needed under the Stafford Act. In addition, the Governor will need to certify that, for the current disaster, State and local government obligations and expenditures (of which State commitments must be a significant proportion) will comply with all applicable cost-sharing requirements.

Based on the Governor’s request, the President may declare that a major disaster or emergency exists, thus activating an array of Federal programs to assist in the response and recovery effort.

— ASSISTANCE AVAILABLE —

Not all programs, however, are activated for every disaster. The determination of which programs are activated is based on the needs found during damage assessment and any subsequent information that may be discovered.

FEMA/EPR disaster assistance falls into three general categories:

- **Individual Assistance** — aid to individuals and households;
- **Public Assistance** — aid to public (and certain private non-profit) entities for certain emergency services and the repair or replacement of disaster-damaged public facilities;
- **Hazard Mitigation Assistance** — funding for measures designed to reduce future losses to public and private property.

Some declarations will provide only individual assistance or only public assistance. Hazard mitigation opportunities are assessed in most situations.

A summary of each of these programs follows. Because program complexities require lengthy explanations, the discussion that follows is simply an overview.

INDIVIDUAL ASSISTANCE

Individuals And Households Program

The Individuals and Households Program (IHP) is a combined FEMA/EPR and State program. When a major disaster occurs, this program provides money and services to people in the declared area whose property has been damaged or destroyed and whose losses are not covered by insurance. In every case, the disaster victim must register for assistance and establish eligibility. The toll-free telephone registration number is 1-800-621-FEMA (or TTY 1-800-462-7585 for the hearing or speech impaired). FEMA/EPR (or the providing agency) will verify eligibility and need before assistance is offered.

What Types of Assistance Are Provided?

The IHP - Housing Assistance assures that people whose homes are damaged by disaster have a safe place to live. The IHP - Other Needs Assistance (ONA) provides financial assistance to individuals and households who have other disaster-related necessary

expenses or serious needs and do not qualify for a low interest loan from Small Business Administration (SBA). These programs are designed to provide funds for expenses that are not covered by insurance. They are available only to homeowners and renters who are United States citizens, non-citizen nationals, or qualified aliens affected by the disaster. The following is a list of the types of assistance available through this program and what each provides.

Temporary Housing - homeowners and renters receive funds to rent a different place to live or a temporary housing unit when rental properties are not available.

Repair - homeowners receive grants to repair damage from the disaster that is not covered by insurance. The goal is to make the damaged home safe and sanitary.

Replacement - under rare conditions, homeowners receive limited funds to replace their disaster damaged home.

Permanent Housing Construction - homeowners and renters receive direct assistance or a grant for the construction of a new home. This type of assistance occurs only in very unusual situations, in insular areas or remote locations specified by FEMA/EPR where no other type of housing is possible.

Other Needs Assistance (ONA) - applicants receive grants for necessary and serious needs caused by the disaster. This includes medical, dental, funeral, personal property, transportation, moving and storage, and other expenses that FEMA/EPR approves. The homeowner may need to apply for a SBA loan before receiving assistance.

Small Business Administration Disaster Loans

The U.S. Small Business Administration (SBA) can make federally subsidized loans to repair or replace homes, personal property or businesses that sustained damages not covered by insurance. The Small Business Administration can provide three types of disaster loans to qualified homeowners and businesses:

- (1) **home disaster loans** to homeowners and renters to repair or replace disaster-related damages to home or personal property,
- (2) **business physical disaster loans** to business owners to repair or replace disaster-damaged

property, including inventory, and supplies; and

- (3) **economic injury disaster loans**, which provide capital to small businesses and to small agricultural cooperatives to assist them through the disaster recovery period.

For many individuals the SBA disaster loan program is the primary form of disaster assistance.

Disaster Unemployment Assistance

The Disaster Unemployment Assistance (DUA) program provides unemployment benefits and re-employment services to individuals who have become unemployed because of major disasters. Benefits begin with the date the individual was unemployed due to the disaster incident and can extend up to 26 weeks after the Presidential declaration date. These benefits are made available to individuals not covered by other unemployment compensation programs, such as self-employed, farmers, migrant and seasonal workers, and those who have insufficient quarters to qualify for other unemployment compensation.

All unemployed individuals must register with the State's employment services office before they can receive DUA benefits. However, although most States have a provision that an individual must be able and available to accept employment opportunities comparable to the employment the individual held before the disaster, not all States require an individual to search for work.

Legal Services

When the President declares a disaster, FEMA/EPR, through an agreement with the Young Lawyers Division of the American Bar Association, provides free legal assistance to disaster victims. Legal advice is limited to cases that will not produce a fee (i.e., these attorneys work without payment). Cases that may generate a fee are turned over to the local lawyer referral service.

The assistance that participating lawyers provide typically includes:

- Assistance with insurance claims (life, medical, property, etc.)
- Counseling on landlord/tenant problems
- Assisting in consumer protection matters, remedies, and procedures
- Replacement of wills and other important legal

documents destroyed in a major disaster

Disaster legal services are provided to low-income individuals who, prior to or because of the disaster, are unable to secure legal services adequate to meet their needs as a consequence of a major disaster.

Special Tax Considerations

Taxpayers who have sustained a casualty loss from a declared disaster may deduct that loss on the federal income tax return for the year in which the casualty actually occurred, or elect to deduct the loss on the tax return for the preceding tax year. In order to deduct a casualty loss, the amount of the loss must exceed 10 percent of the adjusted gross income for the tax year by at least \$100. If the loss was sustained from a federally declared disaster, the taxpayer may choose which of those two tax years provides the better tax advantage.

The Internal Revenue Service (IRS) can expedite refunds due to taxpayers in a federally declared disaster area. An expedited refund can be a relatively quick source of cash, does not need to be repaid, and does not need an Individual Assistance declaration. It is available to any taxpayer in a federally declared disaster area.

Crisis Counseling

The Crisis Counseling Assistance and Training Program (CCP), authorized by §416 of the Stafford Act, is designed to provide supplemental funding to States for short-term crisis counseling services to people affected in Presidentially declared disasters. There are two separate portions of the CCP that can be funded: immediate services and regular services. A State may request either or both types of funding.

The **immediate services** program is intended to enable the State or local agency to respond to the immediate mental health needs with screening, diagnostic, and counseling techniques, as well as outreach services such as public information and community networking.

The **regular services** program is designed to provide up to nine months of crisis counseling, community outreach, and consultation and education services to people affected by a Presidentially declared disaster. Funding for this program is separate from the immediate services grant.

To be eligible for crisis counseling services funded by this program, the person must be a resident of the designated area or must have been located in the area at the time the disaster occurred. The person must also

have a mental health problem which was caused by or aggravated by the disaster or its aftermath, or he or she must benefit from services provided by the program.

PUBLIC ASSISTANCE

Public Assistance, oriented to public entities, can fund the repair, restoration, reconstruction, or replacement of a public facility or infrastructure, which is damaged or destroyed by a disaster.

Eligible applicants include State governments, local governments and any other political subdivision of the State, Native American tribes and Alaska Native Villages. Certain private nonprofit (PNP) organizations may also receive assistance. Eligible PNPs include educational, utility, irrigation, emergency, medical, rehabilitation, and temporary or permanent custodial care facilities (including those for the aged and disabled), and other PNP facilities that provide essential services of a governmental nature to the general public. PNPs that provide “critical services” (power, water--including water provided by an irrigation organization or facility, sewer, wastewater treatment, communications and emergency medical care) may apply directly to FEMA/EPR for a disaster grant. All other PNPs must first apply to the Small Business Administration (SBA) for a disaster loan. If the PNP is declined for a SBA loan or the loan does not cover all eligible damages, the applicant may re-apply for FEMA/EPR assistance.

As soon as practicable after the declaration, the State, assisted by FEMA/EPR, conducts the Applicant Briefings for State, local and PNP officials to inform them of the assistance available and how to apply for it. A Request for Public Assistance must be filed with the State within 30 days after the area is designated eligible for assistance. Following the Applicant’s Briefing, a Kickoff Meeting is conducted where damages will be discussed, needs assessed, and a plan of action put in place. A combined Federal/State/local team proceeds with Project Formulation, which is the process of documenting the eligible facility, the eligible work, and the eligible cost for fixing the damages to every public or PNP facility identified by State or local representatives. The team prepares a Project Worksheet (PW) for each project. Projects fall into the following categories:

- Category A: Debris removal
- Category B: Emergency protective measures

- Category C: Road systems and bridges
- Category D: Water control facilities
- Category E: Public buildings and contents
- Category F: Public utilities
- Category G: Parks, recreational, and other

For insurable structures within special flood hazard areas (SFHA), primarily buildings, assistance from FEMA/EPR is reduced by the amount of insurance settlement that could have been obtained under a standard NFIP policy. For structures located outside of a SFHA, FEMA/EPR will reduce the amount of eligible assistance by any available insurance proceeds.

FEMA/EPR reviews and approves the PWs and obligates the Federal share of the costs (which cannot be less than 75 percent) to the State. The State then disburses funds to local applicants.

Projects falling below a certain threshold are considered ‘small.’ The threshold is adjusted annually for inflation. For fiscal year 2005, that threshold is \$55,500. For small projects, payment of the Federal share of the estimate is made upon approval of the project and no further accounting to FEMA/EPR is required. For large projects, payment is made on the basis of actual costs determined after the project is completed; although interim payments may be made as necessary. Once FEMA/EPR obligates funds to the State, further management of the assistance, including disbursement to subgrantees is the responsibility of the State. FEMA/EPR will continue to monitor the recovery progress to ensure the timely delivery of eligible assistance and compliance with the law and regulations.

Hazard Mitigation

Hazard Mitigation refers to sustained measures enacted to reduce or eliminate long-term risk to people and property from natural hazards and their effects. In the long term, mitigation measures reduce personal loss, save lives, and reduce the cost to the nation of responding to and recovering from disasters.

Two sections of the Stafford Act, §404 and §406, can provide hazard mitigation funds when a Federal disaster has been declared. In each case, the Federal government can provide up to 75 percent of the cost, with some restrictions.

Through the Hazard Mitigation Grant Program (HMGP), authorized by §404 of the Act, communities can apply for mitigation funds through the State. The

State, as grantee, is responsible for notifying potential applicants of the availability of funding, defining a project selection process, ranking and prioritizing projects, and forwarding projects to FEMA for funding. The applicant, or subgrantee carries out approved projects. The State or local government must provide a 25 percent match, which can be fashioned from a combination of cash and in-kind sources. Federal funding from other sources cannot be used for the 25 percent non-federal share with one exception. Funding provided to States under the Community Development Block Grant program from the Department of Housing and Urban Development can be used for the non-federal share.

The amount of funding available for the HMGP under a disaster declaration is finite and is limited to 7.5 percent of FEMA/EPR's estimated total disaster costs for all other categories of assistance (less administrative costs). Section 322 of the Disaster Mitigation Act of 2000 emphasizes the importance of planning in reducing disaster losses. States will be required to develop a State Mitigation Plan that provides a summary of the hazards facing them, an assessment of the risks and vulnerabilities to those hazards, and a strategy for reducing those impacts. These plans will be required by November 1, 2004 as a condition of non-emergency assistance under the Stafford Act, and must be reviewed and updated every three years. States may choose to develop an Enhanced State Mitigation Plan in order to receive an increased amount of 20 percent for Hazard Mitigation Grant Program funding. By November 1, 2004, local jurisdictions also must develop mitigation plans in order to be eligible for project grant funding under the Hazard Mitigation Grant Program. In addition, States may use a set-aside of up to five percent of the total HMGP funds available for mitigation measures at their discretion. To be eligible, a set-aside project must be identified in a State's hazard mitigation plan and fulfill the goal of the HMGP, this is, to reduce or prevent future damage to property or prevent loss of life or injury.

Eligible mitigation measures under the HMGP include acquisition or relocation of property located in high hazard areas; elevation of floodprone structures; seismic rehabilitation of existing structures; strengthening of existing structures against wildfire; dry floodproofing activities that bring a structure into compliance with minimum NFIP requirements and State or local code. Up to seven percent of the HMGP funds may be used to develop State and/or local mitigation plans.

All HMGP projects, including set-aside projects,

must comply with the National Environmental Policy Act and all relevant Executive Orders. HMGP grants cannot be given for acquisition, elevation, or construction purposes if the site is located in a designated SFHA and the community is not participating in the NFIP.

FEMA/EPR's primary emphasis for HMGP funds, where appropriate, is the acquisition and demolition, relocation, elevation, or floodproofing of flood damaged or floodprone properties (non-structural measures).

- **Acquisition and demolition:** Under this approach, the community purchases the flood-damaged property and demolishes the structure. The property owner uses the proceeds of the sale to purchase replacement housing on the open market. The local government assumes title to the acquired property and maintains the land as open space in perpetuity.
- **Relocation:** In some cases, it may be viable to physically move a structure to a new location. Relocated structures must be placed on a site located outside of the 100-year floodplain, outside of any regulatory erosion zones, and in conformance with any other applicable State or local land use regulations.
- **Elevation/Floodproofing:** Depending upon the nature of the flood threat, elevating a structure or incorporating other floodproofing techniques to meet NFIP criteria may be the most practical approach to flood damage reduction. Floodproofing techniques may be applied to commercial properties only; residential structures must be elevated. Communities can apply for funding to provide grants to property owners to cover the increased construction costs incurred in elevating or floodproofing the structure.

Funding under §406 that is used for the repair or replacement of damaged public facilities or infrastructure may be used to upgrade the facilities to meet current codes and standards. It is possible for mitigation measures to be eligible for funding under both the HMGP and §406 programs; however, if the proposed measure is funded through §406, the project is not eligible for funds under the HMGP as well.

— FEMA/EPR REGIONAL OFFICES —

Region 1

Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
Federal Emergency Management Agency
J.W. McCormack Post Office and Court House,
Room 442
Boston, MA 02109-4595
(617) 223-9450

Region 2

New Jersey, New York, Puerto Rico, Virgin Islands
Federal Emergency Management Agency
26 Federal Plaza, Room 1337
New York, NY 10278-0002
(212) 225-7209

Region 3

Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia
Federal Emergency Management Agency
One Independence Mall, 6th Floor
615 Chestnut Street
Philadelphia, PA 19106-4404
(215) 931-5608

Region 4

Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee
Federal Emergency Management Agency
3003 Chamblee-Tucker Road
Atlanta, GA 30341
(770) 220-5200

Region 5

Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin
Federal Emergency Management Agency
536 South Clark Street, 6th Floor
Chicago, IL 60605
(312) 408-5501

Region 6

Arkansas, Louisiana, New Mexico, Oklahoma, Texas
Federal Emergency Management Agency
Federal Regional Center
800 N. Loop 288
Denton, TX 76201-3698
(817) 898-5104

Region 7

Iowa, Kansas, Missouri, Nebraska
Federal Emergency Management Agency
2322 Grand Blvd, Suite 900
Kansas City, MO 64108-2670
(816) 283-7061

Region 8

Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming
Federal Emergency Management Agency
Denver Federal Center
Building 710, Box 25267
Denver, CO 80225-0267
(303) 235-4812

Region 9

American Samoa, Arizona, California, Guam, Hawaii, Nevada, Commonwealth of the Northern Mariana Islands, Federated States of Micronesia, Republic of the Marshall Islands
Federal Emergency Management Agency
1111 Broadway
Suite 1200
Oakland, CA 94607-4052
(510) 627-7100

Region 10

Alaska, Idaho, Oregon, Washington
Federal Emergency Management Agency
Federal Regional Center
130 228th Street, S.W.
Bothell, WA 98021-9796
(206) 487-4604

APPENDIX A2

**MANAGED CARE
UTILIZATION MANAGEMENT AND CLAIMS
PROCESSING PROTOCOLS**

Request the Following Changes to Managed Care Utilization Management and Claims Processing Protocols (During a Declared State of Emergency)

Utilization Management (during a declared state of emergency)

1. Notice of admission

Request: Modify the requirement that hospitals supply payers with notice of admission by implementing the following:

- a. Extend the time frame for providing notification. Plans should allow no less than 7 calendar days for hospitals to provide notification.
- b. Reduce the amount of information that must be provided to the payer at admission. Alternatively, payers should provide flexibility and allow hospitals to communicate using narrative descriptions of a patient's condition rather than ICD-9 and procedure codes.
- c. Require plans to allow electronic notification to be provided, using the payer's provider portal or submission of a standard electronic transaction (e.g. 278). In the event of a power failure, hospital staff may consider using cell phones to contact insurance companies. Alternatively, if the systems are down for only a day or two, hospitals could manually record admissions and fax the information once systems come back online. For system outages lasting longer than two days, hospitals may choose to use the US Postal Service to forward manual documentation to payers.

2. Emergency department notification

Request: Waive requirement that payers be notified of treatment in the emergency department.

3. Patient appeals

Request: Suspend the requirement that patients sign the HCAPPA (Health Claim Authorization Processing & Payment Act) consent and authorization for at admission. Providers will still be allowed to appeal UM determinations on a patient's behalf for any services provided during the declared state of emergency that are denied by payers.

4. Eligibility verification

Request: Modify eligibility verification procedures so that patient admissions are streamlined by the mechanisms described below:

- a. If eligibility verification still will be required, payers must provide an accurate web-based system by which hospitals can verify eligibility for a bulk group of patients.
- b. Medicaid HMOs must provide online all the information a hospital would need to submit a claim, including the HMO's specific patient identification number as well as the patient's Medicaid ID.
- c. Payers should not deny medically necessary services when there is incorrect or delayed identification of insurer.

5. Prior authorization

Request: Suspend the requirement that hospitals obtain authorization from payers prior to providing a service.

6. Utilization management review

Request: Suspend the requirement that hospitals participate in the following review activities:

- a. Concurrent review of patient's care during a declared state of emergency.
- b. All utilization management activities for 180 days following the lifting of the declared state of emergency. Hospitals may be filled beyond capacity and nurses must focus on discharge planning activities.

7. Retrospective review

Request: Prohibit retrospective review for admissions that occurred during the state of emergency while UM activities are suspended or modified.

Claims Submission (during a declared state of emergency)

8. Coding

Request: Establish standardized coding parameters related to the following:

- a. Alternate care sites – establish statewide or industry standards for coding that reflects care provided at an alternate care site.
- b. Transfer of patients – establish statewide or industry standards for coding that represents the transfer of patients during a declared state of emergency. These standards would be applicable to both the sending and receiving hospital.
- c. Emergency department physicians – establish statewide or industry standards that would define what types of coding must be used by an emergency department physician during a declared state of emergency, and which standards can be relaxed.

9. Claim filing deadlines

Request: Extend claim filing deadlines according to the timetable listed below so that hospitals will not be at risk of missing claim submission deadlines:

- a. Commercial payers – Payers customarily have deadlines of 90-180 days from the date of service. Extend deadline to 12 months following the end of the declared state of emergency.
- b. Medicare HMOs – Medicare HMOs generally have deadlines of 90-180 days from the date of service. Extend deadline to 12 months following the end of the declared state of emergency.
- c. Medicaid fee-for-service – Medicaid requires claims to be submitted within 12 months of the date of service. Extend claim filing deadlines to 12 months following the end of the declared state of emergency.
- d. Medicaid HMOs – Medicaid HMOs in New Jersey typically have deadlines of 60 days from the date of services. Extend deadline to 12 months following the end of the declared state of emergency.

Claims Processing (during a declared state of emergency)

10. Periodic interim payments

Request: Require payers to establish a system of periodic interim payments (based on the amount hospitals had received on average from a payer for the four preceding quarters) that would be triggered by a declared state of emergency.

Other (during a declared state of emergency)

11. Medicaid enrollment requirements

Request: Streamline the Medicaid enrollment process by one or more of the methods described below. (The current enrollment process includes many steps, including the patient going to his/her county Board of Social Services to complete the application.):

- a. Presumptive eligibility populations should be expanded beyond children and pregnant women, allowing more individuals to be covered immediately by Medicaid.
- b. Allow patients to self-attest to income, similar to what occurred during Hurricane Katrina. During Katrina, CMS issued waivers allowing states to modify enrollment in this way.
- c. Eliminate the need for patients to go to his/her county Board of Social Services to complete the application.

APPENDIX A3

FEMA DISASTER ASSISTANCE POLICY RELATING TO INFLUENZA PANDEMIC



FEMA

DISASTER ASSISTANCE POLICY

DAP9523.17

I. TITLE: Emergency Assistance for Human Influenza Pandemic

II. DATE: March 31, 2007

III. PURPOSE:

Establish the types of emergency protective measures that are eligible under the Public Assistance Program during a Federal response to an outbreak of human influenza pandemic in the U.S. and its territories.

IV. SCOPE AND AUDIENCE:

The policy is applicable to all major disasters and emergencies declared on or after the date of publication of this policy. It is intended for personnel involved in the administration of the Public Assistance Program.

V. AUTHORITY:

Sections 403 (42 U.S.C. 5121-5206) and 502 (42 U.S.C. 5192) respectively, of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), and 44 Code of Federal Regulations (CFR) §206.225(a)(3)(i).

VI. BACKGROUND:

A. The severity of the next human influenza pandemic cannot be predicted, but modeling studies suggest that the impact of a pandemic on the United States could be substantial. In the absence of any control measures (vaccination or drugs), it has been estimated that in the United States a "medium-level" pandemic could cause 89,000 to 207,000 deaths, 314,000 to 734,000 hospitalizations, 18 to 42 million outpatient visits, and another 20 to 47 million people being sick. Over an expected period of two years, between 15% and 35% of the U.S. population could be affected by an influenza pandemic, and the economic impact could range between \$71.3 and \$166.5 billion. This effect does not include members of the general population that may have to miss work to care for ill family members, potentially raising the population affected by an influenza pandemic to 55% during the peak weeks of community outbreak (Department of Health and Human Services, Centers for Disease Control and Prevention, Pandemic Flu: Key Facts, January 17, 2006).



FEMA

DISASTER ASSISTANCE POLICY

DAP9523.17

B. An influenza pandemic differs from other public health threats, in that:

- A pandemic will last much longer than most public health emergencies, and may include “waves” of influenza activity separated by months (in 20th century pandemics, a second wave of influenza activity occurred 3 to 12 months after the first wave).
- The numbers of health-care workers and first responders available to work is expected to be reduced. This population will be at high risk of illness through exposure in the community and in health-care settings.
- Resources in many locations could be limited, depending on the severity and spread of an influenza pandemic.

C. Assumptions:

1. Three conditions must be met for a pandemic to begin:
 - a. A new influenza virus subtype must emerge, for which there is little or no human immunity. (For example, the H5N1 virus (bird flu) is a new virus for humans. It has never circulated widely among people, infecting more than 200 humans, but killing over half of them.)
 - b. It must infect humans and cause illness; and:
 - c. It must spread easily and sustainably (continue without interruption) among humans.
2. There will be large surges in the number of people requiring or seeking medical or hospital treatment, which could overwhelm health services.
3. High rates of worker absenteeism will interrupt other essential services, such as emergency response, communications, fire and law enforcement, and transportation, even with Continuity of Operations Plans in place.
4. Rates of illness are expected to peak fairly rapidly within a given community, because all populations will be fully susceptible to an H5N1-like virus.
5. Local social and economic disruptions may be temporary, yet have amplified effects due to today’s closely interrelated and interdependent systems of trade and commerce.



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DISASTER ASSISTANCE POLICY

DAP9523.17

6. A second wave of global spread should be anticipated within a year, based on past experience.

7. All countries are likely to experience emergency conditions during a pandemic, leaving few opportunities for international assistance, as seen during natural disasters or localized disease outbreaks. Once international spread has begun, governments will likely focus on protecting domestic populations.

VII. POLICY:

A. The following Emergency Protective Measures (Category B) may be eligible for reimbursement to State and local governments and certain private non-profit organizations:

1. Activation of State or local emergency operations center to coordinate and direct the response to the event.
2. Purchase and distribution of food, water, ice, medicine, and other consumable supplies.
3. Management, control, and reduction of immediate threats to public health and safety.
4. Movement of supplies and persons.
5. Security forces, barricades and fencing, and warning devices.
6. Emergency medical care (non-deferrable medical treatment of disaster victims in a shelter or temporary medical facility and related medical facility services and supplies, including emergency medical transport, X-rays, laboratory and pathology services, and machine diagnostic tests for a period determined by the Federal Coordinating Officer).
7. Temporary medical facilities (for treatment of disaster victims when existing facilities are overloaded and cannot accommodate the patient load).
8. Congregate sheltering (for disaster victims when existing facilities are overloaded and cannot accommodate the patient load).
9. Communicating health and safety information to the public.



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DISASTER ASSISTANCE POLICY

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10. Technical assistance to State and local governments on disaster management and control.

11. Search and rescue to locate and recover members of the population requiring assistance and to locate and recover human remains.

12. Storage and internment of unidentified human remains.

13. Mass mortuary services.

14. Recovery and disposal of animal carcasses (except if another federal authority funds the activity – e.g., U.S. Department of Agriculture, Animal, Plant and Health Inspection Service provides for removal and disposal of livestock).

B. Eligible Costs. Overtime pay for an applicant's regular employees may be eligible for reimbursement. The straight-time salaries of an applicant's regular employees who perform eligible work are not eligible for reimbursement. Regular and overtime pay for extra-hires may be eligible for reimbursement. Eligible work accomplished through contracts, including mutual aid agreements, may be eligible for reimbursement. Equipment, materials, and supplies made use of in the accomplishment of emergency protective measures may be eligible.

C. Ineligible Costs. Ineligible costs include the following:

1. Definitive care (defined as medical treatment or services beyond emergency medical care, initiated upon inpatient admissions to a hospital).

2. Cost of follow-on treatment of disaster victims is not eligible, in accordance with FEMA Recovery Policy 9525.4 – Medical Care and Evacuation.

3. Costs associated with loss of revenue.

4. Increased administrative and operational costs to the hospital due to increased patient load.

5. Rest time for medical staff. Rest time includes the time a staff member is unavailable to provide assistance with emergency medical care.

6. Because the law does not allow disaster assistance to duplicate insurance benefits, disaster assistance will not be provided for damages covered by insurance. The PA applicant



FEMA DISASTER ASSISTANCE POLICY

should not seek reimbursement for these costs if underwritten by private insurance, Medicare, Medicaid or a pre-existing private payment agreement.

Note: Ineligible costs remain ineligible even if covered under contract, mutual aid, or other assistance agreements.

D. Coordination with Emergency Support Function (ESF). Coordination among ESFs 3, 5, 6, 8, 9, 11, and 14 will be required.

VIII. ORIGINATING OFFICE: Recovery Division (Public Assistance Branch).

IX. SUPERSESSION: This policy supersedes all previous guidance on this subject.

X. REVIEW DATE: Three years from date of publication.

A handwritten signature in blue ink, appearing to read "David Garratt", written over a horizontal line.

David Garratt
Acting Assistant Administrator
Disaster Assistance Directorate

APPENDIX B I

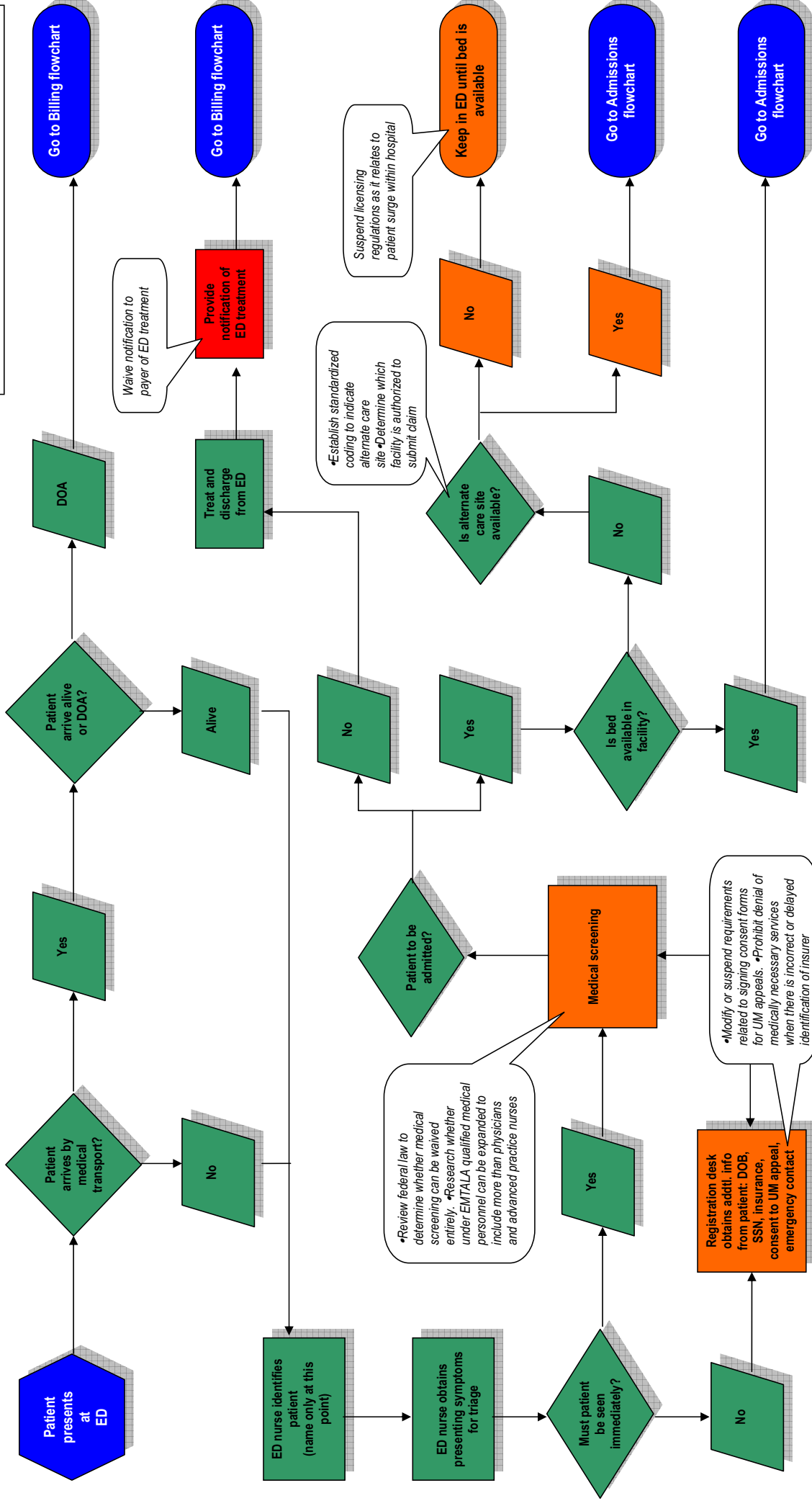
CLAIM CYCLE FLOWCHARTS

In an effort to identify processes that could interrupt consistent cash flow, NJHA analyzed the life cycle of a health insurance claim, from the time a patient presents at the hospital until the bill is paid. The review found several situations that could create obstacles to receiving reimbursement for services provided. The processes and the questions that each raises are noted on the flowcharts for your review so that your organization can begin considering how to continue operations.

NJHA is working with state and federal agencies to develop modifications that would address the problematic processes, which could help ensure hospitals receive reimbursement and cash flow interruptions are minimized.

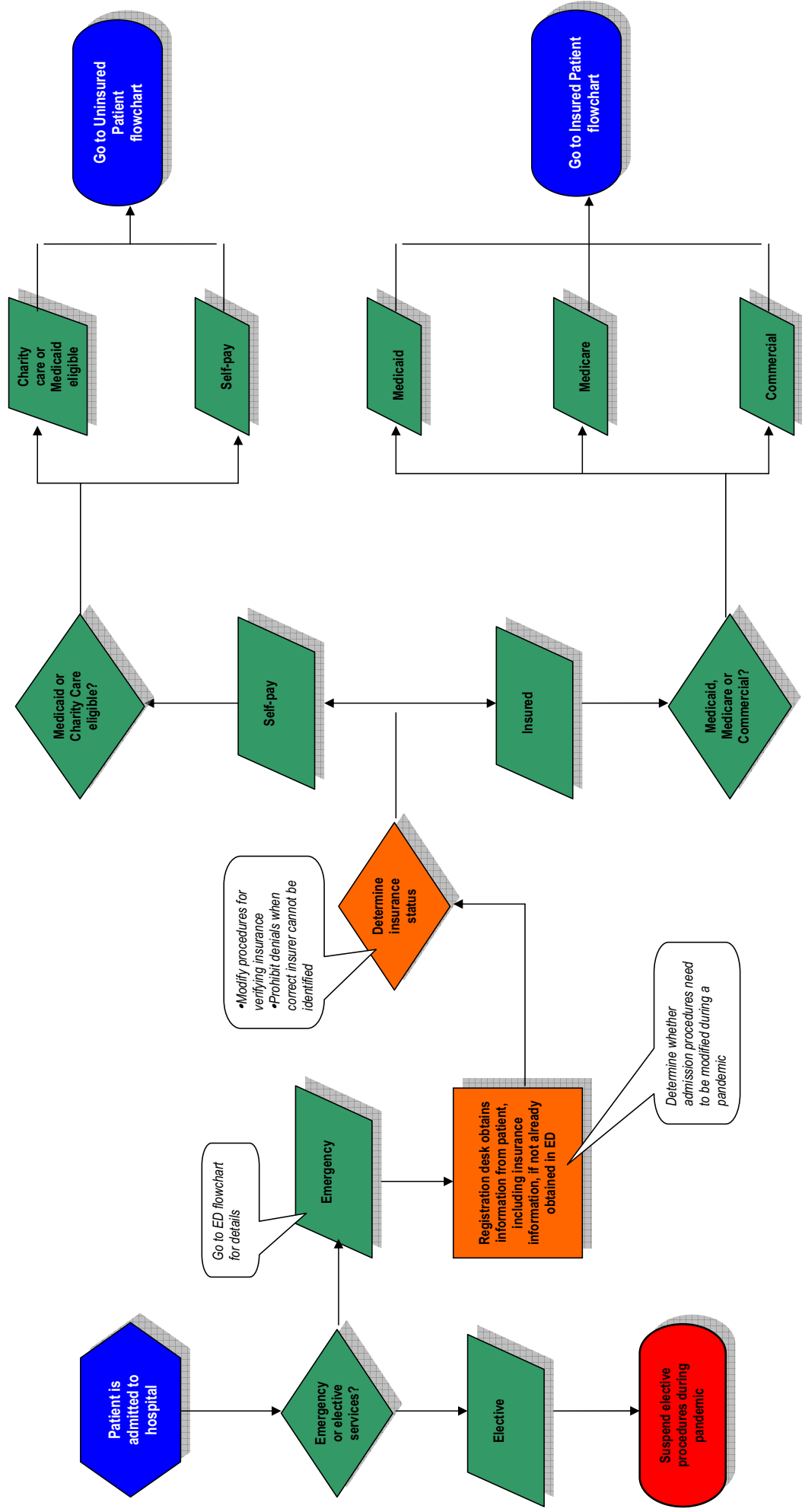
Emergency Department Procedures

Dark Blue = Begin or end process
 Green = Proceed as usual
 Orange = Modify procedure
 Red = Suspend procedure



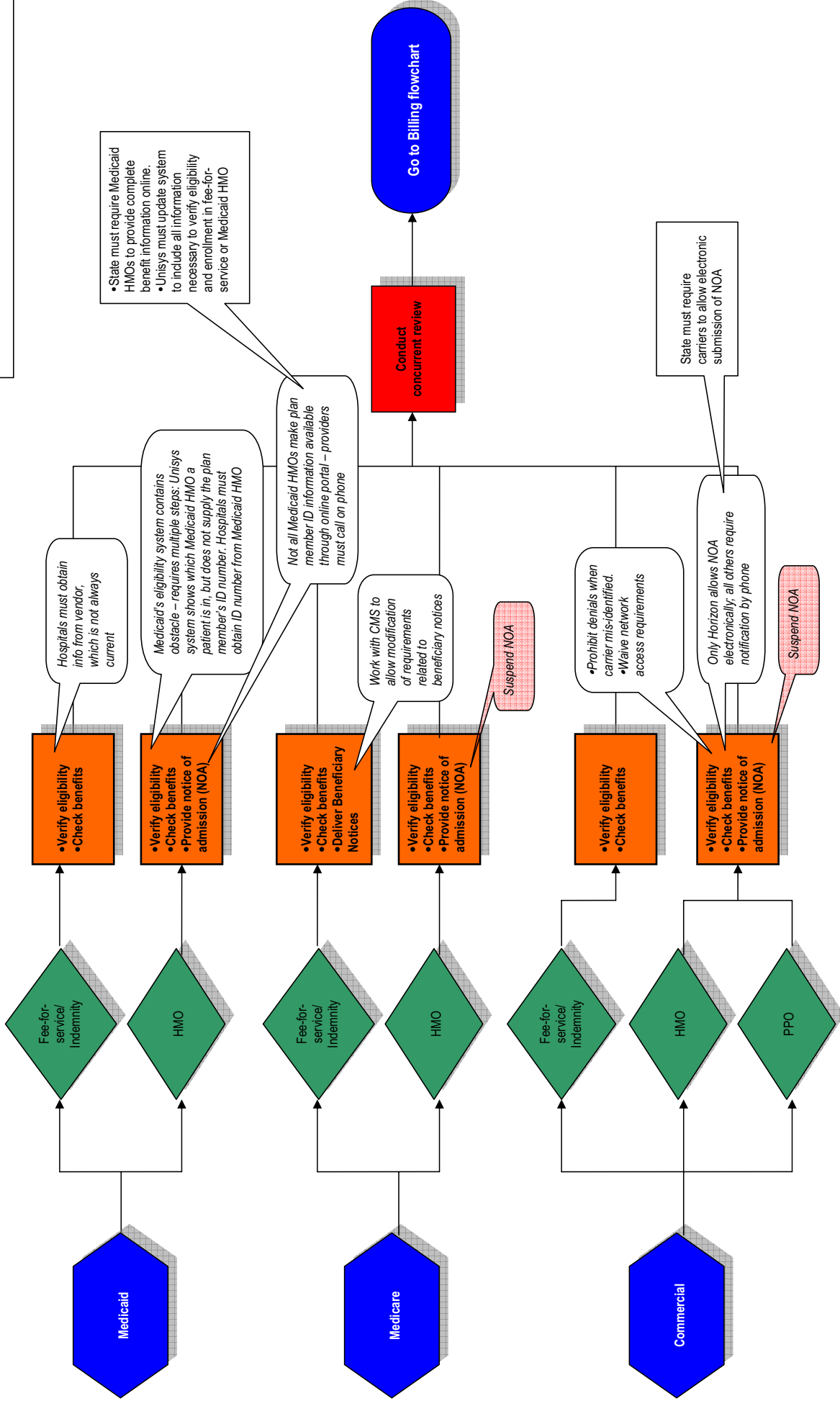
Admission Procedures

Dark Blue = Begin or end process
 Green = Proceed as usual
 Orange = Modify procedure
 Red = Suspend procedure



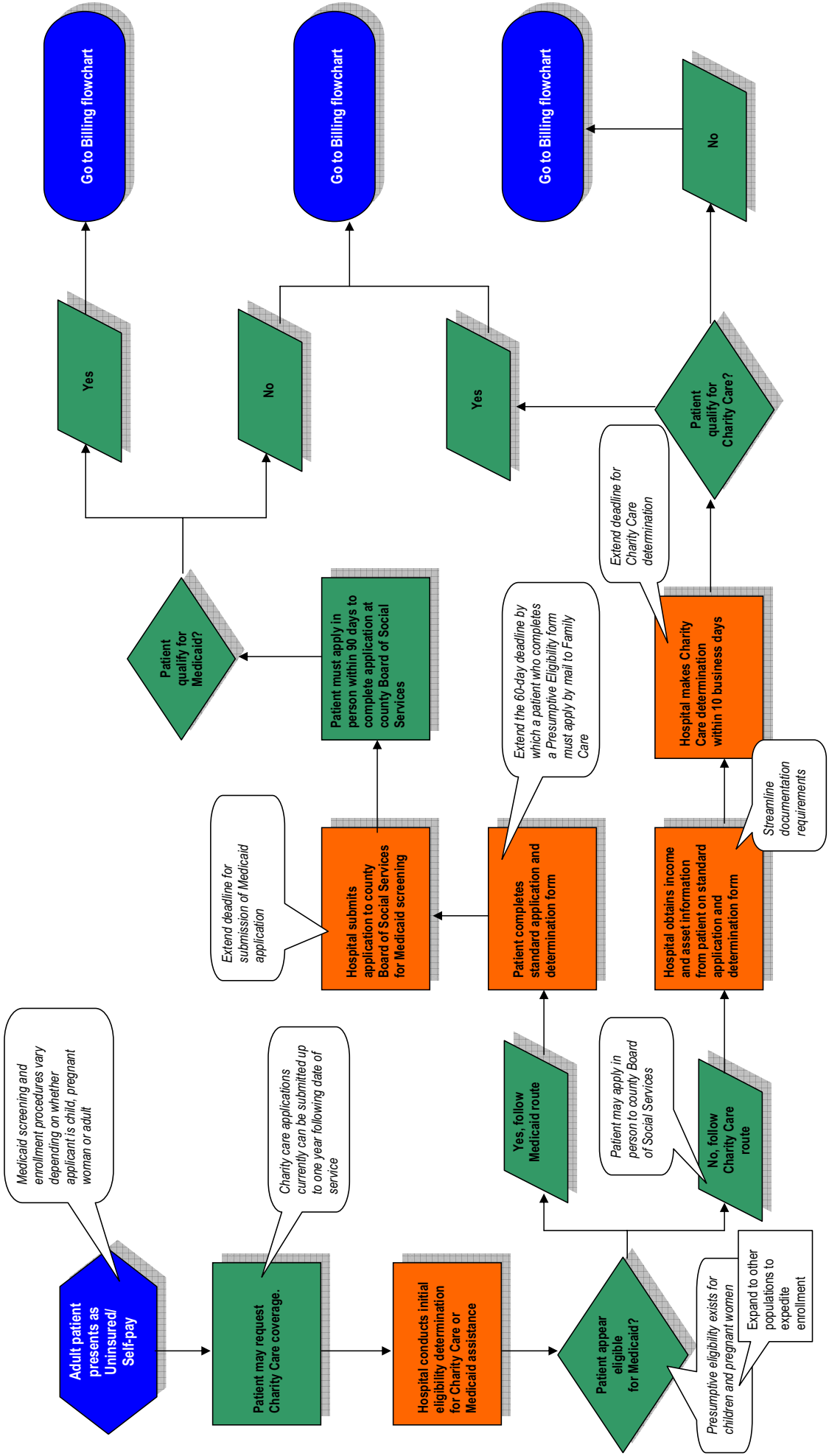
Insured Patient Procedures

Dark Blue = Begin or end process
 Green = Proceed as usual
 Orange = Modify procedure
 Red = Suspend procedure



Uninsured Patient Procedures

Dark Blue = Begin or end process
 Green = Proceed as usual
 Orange = Modify procedure
 Red = Suspend procedure



Billing/Patient Financial Services

Dark Blue = Begin or end process
 Green = Proceed as usual
 Orange = Modify procedure
 Red = Suspend procedure

