



STATE OF ARKANSAS
**Department of Finance
and Administration**

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August 5, 2021

Sen. Terry Rice, Co-Chair
Rep. Jeff Wardlaw, Co-Chair
Arkansas Legislative Council
State Capitol Building
Little Rock, AR 72201

Dear Co-Chairs:

This is to inform you that there are items for Legislative Council approval that require your immediate attention. Because of the time-sensitive nature of these items, the Department of Finance and Administration respectfully requests an emergency approval of these items, which have received my approval as Chief Fiscal Officer of the State.

These items are American Rescue Plan Act requests. The first request is required to allow the Arkansas Department of Health to partner with Unity Health to increase hospital bed capacity statewide. The second request is required to allow the Department of Human Services grant funds for hospitals to address the staffing and bed shortages, lost revenue streams, and additional costs of providing COVID-19 treatment. The final request is required to allow the Department of Human Services grant funds for skilled nursing facilities to address significant cost challenges faced by skilled nursing facilities during the pandemic.

I ask that you please institute emergency action procedures for consideration of these matters and sign them out of Committee per Rule 16 of the Rules of the Arkansas Legislative Council.

Sincerely,

A handwritten signature in black ink, appearing to read 'Larry W. Walther', is written over the typed name.

Larry W. Walther,
Secretary
Department of Finance and Administration

CC: Senator Jonathan Dismang, Co-Chair
Representative Michelle Gray, Co-Chair
Performance Evaluation and Expenditure Review (PEER) Subcommittee

**AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION
AND PERSONNEL AUTHORIZATION REQUEST
SECTION 38 OF ACT 997 OF 2021**

Agency: Department of Human Services Business Area Code: 0710

Program Title: Arkansas Hospital COVID Surge Staff Funding Proposal

Implementing Organization: _____ CFDA #: _____

Effective Date of Authorization: _____ Beginning: 3/3/2021 Ending: 6/30/2023

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
This proposal seeks to use a portion of the American Rescue Plan Act of 2021's (ARPA) State Fiscal Recover Funds (SFRF) Arkansas Department to address the staffing and bed shortages, lost revenue streams, and additional costs of providing COVID-19 treatment faced by Arkansas hospitals in this third wave of COVID-19 infection caused primarily by the Delta Variant.

American Rescue Plan Act Program Funding

Func. Area: HHS Fund Code: FRP7172 Direct Funding: _____
 Funds Center: _____ Internal Order/WBS Element: _____ Steering Comm. Approved: X

	Program Funding Amount
Regular Salaries	
Travel Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Grants and Aid (CI: 04)	129,209,000
Other:	
Other:	
Total	\$ 129,209,000

Anticipated Duration of Federal Funds: _____

DFA IGS State Technology Planning	Date
Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.	

Positions to be established: (list each position separately)

* unclassified positions only

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Comnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by:
Cindy Gillespie 8/4/2021 Rob Fox 8-5-21
 Cabinet Secretary/Agency Director Date Office of Budget Date Office of Personnel Mgmt Date

Proposal for Arkansas American Rescue Plan Act of 2021 Steering Committee

Submitted by DHS

Title: Arkansas Hospital COVID Surge Staff Funding Proposal

Hospitals are the backbone of the health care system, and they are essential economic engines for our state. At the center of their communities socially and economically, Arkansas hospitals have a long history of caring for patients from cradle to grave, in their homes, schools, and workplaces. The importance of hospitals' health care functions has never been more evident than during the COVID-19 pandemic.

While Arkansas's hospitals appreciate any assistance they receive, the funds received from various sources to offset or partially reimburse unanticipated expenses for screening and testing, scarce personal protective equipment, medical equipment, physical updates to hospital rooms and clinical care space, and other necessary expenses incurred due to the public health emergency with respect to COVID-19 will not sustain hospitals as they continue to incur excessive operating expenses and acquire and retain essential frontline staff.

Arkansas hospitals must remain prepared for and responsive to the increasing number of patients suffering from COVID-19 as well as the number of patients who are now in need of urgent and life-saving care from non-COVID conditions. Currently, adequate staff is the rate-limiting factor for patients receiving hospital care. Hospitals are at capacity. As COVID patient hospitalizations have increased nationwide, the demand for skilled staff has skyrocketed – as has the price for attaining and retaining the skilled workforce required to meet patient need.

Statement of the need created by the COVID-19 Pandemic:

While hospitals are not new to treating infectious diseases, the SARS-CoV-2 virus has required hospitals to follow quickly changing protocols developed by expert scientists and clinicians to not only care for those infected by this novel virus but also to prevent the spread to healthcare workers, other patients, and visitors. Frontline staff are required to accept great personal risk, endure physically and mentally exhausting shifts, and – as patient census increases without a corresponding increase in the number of frontline staff – to care for more patients at once.

While Arkansas can increase the physical hospital bed space to meet increased patient needs, Arkansas does not have frontline staff to operationalize those spaces. Current staffing shortages have reached a critical level, worsened by staff absences due to isolation or quarantine and increased costs associated with temporary staff. Regional travel nursing demand has risen to levels above the winter peak, increasing by 62% over the last 30 days.

From May 2020 to July 2021, there has been more than a 2,500% change in the demand for travel registered nurses, alone.

The resources that have been provided to hospitals throughout the pandemic have enabled hospitals to maintain operations, but as staffing costs continue to rise, many hospitals will be placed in jeopardy. Arkansas hospitals are at a distinct recruiting disadvantage when competing against states that can pay frontline staff more.

Additionally, hospitals are being called upon to administer COVID-19 treatments to prevent severe disease and hospitalization. Specifically, monoclonal antibodies (MABs) can be administered on a hospital outpatient basis and – if administered at the appropriate time of infection – can keep patients healthy enough to not need inpatient hospitalization or can reduce the severity of the disease to keep patients from utilizing scarce resources in intensive care units.

As record numbers of patients are presenting to hospitals, frontline staff are needed in outpatient settings that administer MABs, hospital emergency departments, and all inpatient settings. Arkansas is not the only state seeing increased demand on frontline staff. For that purpose, Arkansas hospitals must have access to funding specifically allocated to retain our current frontline staff and to recruit and acquire more to care for Arkansas citizens.

Proposed Hospital Support Payments:

This proposal seeks to use a portion of the American Rescue Plan Act of 2021's (ARPA) State Fiscal Recover Funds (SFRF) Arkansas Allotment to address the staffing and bed shortages, lost revenue streams, and additional costs of providing COVID-19 treatment faced by Arkansas hospitals in this third wave of COVID-19 infection currently caused primarily by the Delta Variant.

Specifically, the Department of Human services will make an allotment of funds to each qualifying hospital based on bed count for the purpose of retaining and recruiting much needed staff to treat COVID-19 patients and other patients in need of acute care. Due to severe staffing shortages caused by COVID-19, hospitals in Arkansas have been forced to shut down units of the hospital and shift staff to the most needed areas of the hospital. This creates bed shortages and treatment gaps for those most in need in Arkansas. Use of these funds will allow hospitals to attract additional, needed staff to ensure all patients receive the care they need during the COVID-19 surges.

Two add-on allotments can be received by hospitals to participate in two COVID-19 initiatives designed to address the pandemic in Arkansas. These two initiatives are the COVIDComm receiving hospital add-on and the Monoclonal antibody administration add-on. By incentivizing participation in these two initiatives, this proposal will increase availability of COVID hospital

beds and needed treatment designed to keep individuals from needing advanced treatment or hospitalization.

I. Assure the continued availability of essential hospital care

Every hospital in Arkansas has experienced the negative effects of the public health emergency caused by COVID-19, and shortages of clinical staff impact the ability for hospitals to respond to the COVID-19 pandemic and provide necessary patient care. The purpose of these formula-based payments is to assist hospitals to offset extraordinary costs related to retaining and acquiring frontline staff.

Formula

An allotment formula has been developed based on the following factors:

- DHS will provide an allotment of \$9,000 per licensed bed to the Arkansas State Hospital and each acute care hospital, critical access hospital, and long-term care hospital (excludes rehabilitation and psychiatric hospitals). This payment will help offset the increase in staffing costs currently experienced by hospitals, providing essential assistance in retaining current staff and procuring additional staff.
- Payment by bed size will be based upon the Arkansas Department of Health's determination of licensed "Medicare beds" for each facility as of March 1, 2021. Hospitals that do not participate in Medicare or Medicaid are excluded.

Estimated Cost: \$97,335,000 million

II. COVIDComm Receiving Hospital Add-on

The Arkansas COVIDComm system was established during the 2020 winter surge to coordinate COVID-19 patient transfer in the state. Hospitals providing COVID-19 patient care can participate in the program by providing updated information on bed availability and receiving patient transfers as determined by COVIDComm protocol and the state's central staff. When hospitals are unable to care for a specific COVID-19-positive patient because of the patient's acuity level or the hospital's capacity, COVIDComm has proven to be an essential component to assure that available beds are more easily accessed by hospitals in order to get the patient to appropriate treatment as quickly as possible.

In order to be eligible for this payment, hospitals must receive patient transfers from other facilities utilizing the COVIDComm system. These hospitals fill a vital role in the state's pandemic response plan, relieving pressure on tertiary hospitals and helping patients access scarce healthcare resources. Hospitals that only use the COVIDComm system to transfer patients from their facilities to other facilities are ineligible for this add-on.

In addition to the formula payment, an additional \$2,500 per licensed bed will be available for distribution to Arkansas State Hospital, acute care, critical access, or long-term acute care hospitals that participate as a receiving hospital of COVID-19-positive patients in the Arkansas Department of Health's COVIDComm Transfer system as of August 20, 2021.

Estimated Cost: \$22,220,000

III. Monoclonal Antibody (MAB) Administration Add-on

When administered early in the course of illness, monoclonal antibody treatments reduce the risk of severe disease and hospitalization, supporting patient health while helping conserve vital health care resources. The provision of these services can be complicated, requiring a dedicated outpatient space where COVID-19 positive patients can be safely treated with appropriate infection prevention in place, a dedicated source of supplies, sufficient personnel to meet expected demand, and emergency protocol defined for addressing potential infusion reactions or complications. Monoclonal antibody treatments are recommended as evidence-based therapies by the National Institutes of Health, and by reducing the risk of progression to severe disease, help alleviate the demand for scarce inpatient space.

In addition to the formula payment, an additional add-on payment of \$1,000 per licensed bed will be available for distribution to Arkansas State Hospital, each acute care, critical access, or long-term acute care hospital that administered monoclonal antibodies in an outpatient setting (including emergency department) to COVID-19-positive patients as reported by hospitals through August 20, 2021.

Estimated Cost: \$9,654,000

Process and Procedures for Payment:

The Arkansas Department of Human Services will make a payment to each qualified hospital meeting the requirements of this proposal within 90-days of approval of this proposal and approval of the accompanying appropriation transfer by the Arkansas Legislative Council.

For purposes of program integrity, the provider must be enrolled in the Arkansas Medicaid program as of March 1, 2021, and currently accepting Medicaid beneficiaries. Each critical access hospital and acute care hospital must operate and staff, according to ADH rules, an emergency department 24 hours per day, 7 days per week. Licensed distinct-part units within an acute care hospital will not be treated as separately licensed hospitals for purposes of this distribution.

By September 30, hospitals must provide the amount of allocated funding they request and attest in writing that:

- (1) These funds are necessary for payment of costs associated with hospital staff recruitment and retention during the COVID-19 pandemic.
- (2) They will maintain essential beds and appropriate levels of staffing according to Arkansas Department of Health rules.
- (3) They will be enrolled and maintain enrollment in both Medicare and Medicaid.
- (4) They will continuously operate during the declared emergency, including operating and staffing an emergency department 24 hours per day, seven days per week, if required by Arkansas Department of Health rules.
- (5) They have infection prevention policies and procedures in place and will report diseases, including COVID-19, as required under the Arkansas Department of Health's rules.

The Arkansas Department of Health will submit, prior to August 20, 2021, and at a later time if requested by DHS, the following information necessary to determine the final payment amounts for each hospital:

- Number of licensed "Medicare beds" for each facility, if different from the data found at the following publicly available link:
https://www.healthy.arkansas.gov/images/uploads/pdf/Hospital_Provider_List.xlsx
- A list of hospitals that have administered monoclonal antibodies to COVID-positive patients in an outpatient setting or emergency department as reported by hospitals through August 20, 2021.
- A list of hospitals that are COVIDComm receiving hospitals as of August 20, 2021, including those accepting only pediatric patients.

This funding is for expenses obligated on or after March 3, 2021, through December 31, 2022.

A hospital may request an amount up to an amount equal to 100% of its allotment.

The allotments will be paid out to each hospital that submits its attestation form by September 30, 2021.

Qualifying facilities will have up to June 30, 2023, to file claims. Claims must be accompanied by two items of documentation:

- 1) A COVID-19-related cost form, which will be developed by the Arkansas Department of Human Services in consultation with the Arkansas Hospital Association to document expenses to attain and retain frontline healthcare workers consistent with this proposal.
- 2) A form attesting to Monoclonal Antibody Administration, COVIDComm Receiving Hospital participation, and the requirements under "Restrictions on funds" below.

Any funds from this proposal not supported by filed claims may be redistributed to hospitals with excess claims or may be returned to the Department of Finance and Administration fund created

to administer that American Rescue Plan Act of 2021's (ARPA) State Fiscal Recover Funds (SFRF) Arkansas Allotment.

Restrictions on funds:

The recipient of funds will be required to attest that these are necessary expenditures to attain and retain frontline healthcare workers due to the public health emergency with respect to COVID-19 and that none of these funds are used to:

- Duplicate or supplant funding from any other federal or state program. Payments or other reimbursement for direct patient care is not included as funding from a federal or state program.
- Pay any increase in management fees to administrative personnel.

The total amount of the reimbursement may not exceed the maximum payment as set forth in this proposal, even if the particular provider incurs costs in excess of the maximum amount determined by the formulae. To the extent that expenses are subsequently reimbursed under another federal or state program, funds disbursed from the state's portion of the American Rescue Plan approved by the American Rescue Plan Act Steering Committee and authorized by the Arkansas Legislative Council will be reconciled and recovered.