

# There may be a backdoor way for hospitals to get paid for uninsured Covid-19 care



By [Rachel Cohrs](#) May 26, 2022

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**W**ASHINGTON — The federal health department shut down a program that paid hospitals and clinics for caring for uninsured Covid-19 patients, but some hospitals are now eyeing a backdoor option to get those costs paid for. Throughout much of the pandemic, the costs of testing, vaccinating, and treating uninsured patients were mostly funneled to a multi-billion-dollar program run by the Health Resources and Services Administration, but that program ran out of money and shut down in April. The program paid out more than \$1 billion per month, which means its closure was a big hit for some facilities that serve large numbers of uninsured patients.

Now some hospitals and the external experts they employ are looking to squeeze every last available dollar from dwindling federal assistance funds. They're beginning to float the idea that the costs of caring for uninsured patients could be paid for through the Federal Emergency Management Agency instead.

Ryan Bailey, a vice president at Advis Healthcare Consulting, who works with around 25 large health systems, said the moment the uninsured funding expired, his phone started ringing with questions about the FEMA funds.

“Everybody started talking about it,” Bailey said.

Consultants who work with hospitals are expecting more guidance from the agency soon about how it will handle medical claims, as the agency hasn't dealt with them at anywhere near this scale before.

“FEMA continuously reviews its programs and policies, and is always looking for ways to improve our ability to support disaster survivors and applicants,” agency spokesperson Jeremy Edwards said.

FEMA has had a program since the beginning of the pandemic to pay nonprofit hospitals and clinics for costs related to Covid-19 including building temporary units, paying contract staff, buying personal protective equipment, and administering vaccines.

That program also states, if there’s no alternative payer available, that medical treatment for Covid-19 patients could be reimbursed, as well. A [FEMA policy states](#) the agency will cover some care for Covid-19 patients, including emergency medical transportation, tests, medical treatment, and prescriptions.

If there’s a significant transfer of demand from one program to the other, it could place an additional burden on FEMA’s funding. As of Wednesday, FEMA has more than \$29 billion remaining in the Disaster Relief Fund, Edwards said.

The program isn’t a perfect replacement, however. For one, for-profit providers don’t qualify. FEMA also usually requires a much more detailed account of what providers’ actual expenses are, not just how much they usually charge insurance companies, Bailey said.

The HRSA program and other relief programs had much less stringent paperwork requirements to get payment, but with overall Covid funding running low and Congress unlikely to dedicate more funding to pandemic-related efforts, the options are narrowing.

“FEMA’s Public Assistance program requires an extreme level of detail down to who did the work, what they were doing, on what day, at what time, for how long,” said Allen Davis, a director on Tidal Basin Group’s disaster recovery team with more than a decade of experience working with FEMA.

FEMA also requires care to be “medically necessary,” which is a higher standard than that required by health programs. FEMA also requires that its funds be focused on high-risk populations and underserved populations, which creates additional reporting requirements.

That extra paperwork means that the larger systems with larger administrative teams, or more resources to hire outside experts to file for the assistance, are more likely to be able to take advantage of the funds.

The FEMA program is currently matching providers' costs at 100%, but that level of support ends on July 1, after which the federal government will pay 90% of expenses. Some states may choose to close the gap with their own funding, but others may not, Bailey said. California, for example, has [its own separate program](#) to pay for Covid-19 testing and treatment for uninsured patients.

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