Emily DeMent (00:01):
Welcome everyone to today's webinar, Cash Flow is Still an Issue, which is part two of our new series, Financial Office Hours: Strategies to Manage Operations During COVID-19. My name's Emily DeMent, program associate in the training and technical assistance department here at NACHC, and I'm pleased to bring you this webinar along with my colleagues, Ted Henson, Director of Health Center Performance and Innovation and Gervean Williams, Director of Finance Trainings.

Ted Henson (00:25):
Great. Thanks Emily. Well, welcome everyone to today's Finance Office Hours on Strategies to Manage Operations During COVID-19. This is our second set of Finance Office Hours that my colleague, Gervean Williams has put a lot of work into creating. The topic of today's webinar is going to be on cash flow, it's still an issue. We know that we had over 600 people on our last Office Hours call and that cash flow and fiscal solvency are issues of critical importance to all of you as you continue to do great work addressing the COVID-19 crisis and to serve your communities.

Ted Henson (01:02):
So to address the top of today, we have assembled a large ensemble of great, incredible leaders and speakers from a wide range of backgrounds and expertise. We are going to begin with our colleagues from HRSA. We're going to hear from Stephanie Sowalsky who's special assistant to the director of the division of financial integrity within HRSA and then her colleague Vera Messina, who you might've heard on a two o'clock call from HRSA today. She is Health Center Branch chief and the Divisions of Grants Management Operations and the Office of Federal Assistance Management, OFAM at HRSA.

Ted Henson (01:33):
Then we're going to transition to three speakers from BKD who are going to talk about strategic planning and cash flow management. Thanks to Jeff Allen, David Fields and Catherine Gilpin in advance for being with us today. Then my colleague, Gervean Williams is going to be sharing some insights. Gervean is director of financial trainings here at and NACHC. Gervean, big thanks to you for putting together today's webinar. Then we're also, as we always like to do, go to the field to hear from the health centers. So we're lucky to hear from Patrick Sallee, who's the CEO of Vibrant Health in Kansas and Dr. Barrett Hatches, who's the CEO of Chicago Family Health Center in Chicago, Illinois.

Ted Henson (02:14):
If we have time, we're going to reserve some time at the end of today's webinar for questions and answers. So please do put any Q&A that you might have in the chat, and we will do our best to answer that at the end of today's webinar. Without further ado, I'm going to turn things over to my HRSA colleagues and to Stephanie.

Stephanie Sowalsky (02:34):
Thank you so much. So good afternoon to everyone. I hope everyone is happy and healthy and everything given the certain circumstances going on right now. But I wanted to talk with you all today about some key fiscal and grant management requirements. Now, since our HRSA health centers have just received two additional awards in the past 30 days, we at OFAM or the Office of Federal Assistance Management within HRSA wanted to just provide you with some updates and some key reminders. Now, we don't want to overwhelm you at this point in time with information. So these are going to be very high level, but these are things that you should consider, especially given your new funding. These
key items will help you ensure that cost to your health center program, the COVID-19 funding, as well as the CARE Act funding are all allowable costs.

Stephanie Sowalsky (03:36):
So just to jump right in, ultimately, you can see we have these key reminders on your slide. But first and foremost, make sure that you’re accounting for all your funding separately in your general ledger. This may mean that you have different accounting for each of them. You may have different sub account codes or different account codes. So just make sure that you have the ability to separate them based on your base funding, that H80 funding that you already have, the H80 supplemental funding that you may have received and then you have separate codes for your H8C funding as well as your H8D funding. You need to be able to track all of your expenditures in your general ledger and have both the revenue side as well as the expenditure side coming out of those particular accounts.

Stephanie Sowalsky (04:35):
This is important when setting up your accounts, especially with this new funding because this will help you track and report on your funding. Then in addition to that, for all of those funding expenditures that are identified in your general ledger, you need to maintain adequate supporting documentation. This is especially important for all those pre-award costs. So those costs that are back from January 20, 2020 through the date of the award.

Stephanie Sowalsky (05:11):
Now, the next thing is in terms of policies and procedures. I know it was explained on the call this afternoon if you had the opportunity to join HRSA’s and BPHC’s FAQ call. But it’s important that you develop and implement policies and procedures to address unexpected or emergency circumstances. When it comes to a lot of the costs later on when auditors come in to look at things such as hazard pay, premium pay, any reassignment, lost productivity, the first thing that they’re going to check is to see if it’s in your organization’s policies and procedures. So make sure that if you don’t currently have that, that you develop and implement those policies and procedures to address these things and identify these key aspects as costs that your organization utilizes. Vera is there anything that you want to add on this slide before I move onto the next slide?

Vera Messina (06:17):
Good afternoon, everybody. Thank you for participating in this. Stephanie, no, there's no additional documentation for that. We understand that health centers, there'll be a little bit challenged now with having additional grants as opposed to just supplemental funding under their health center grant, and that is why Stephanie was stressing the importance of tracking these separately because the H8C and the H8D are not part of your H80 grants. So there are different requirements in terms of ensuring that you track those funds separately as separate streams of funding and a separate grant and in your accounting.

Vera Messina (06:59):
So that's all I would say, that this is sort of not business as usual, so be more attentive to how you track these funds.

Stephanie Sowalsky (07:11):
Great. Thanks Vera. So just jumping on to the next slide, a few additional key fiscal reminders that we wanted to remind you of is rebudgeting. I know again, this was already covered during our call earlier today, but we wanted to reiterate it because it’s very important. Now, I'm going to first start off with the second bullet. H8C does not require prior approval, but you need to remember that all costs need to be for allowable items and allowable expenditures. So keep that in mind. But with your H80 base funding as well as the H8D funding, you are required to come in for prior approval if you are doing significant rebudget.

Stephanie Sowalsky (08:03):
Just as a reminder, that significant rebudgeting is when it exceeds 25% of the total federal budget or if it's for a line item that HRSA has not already approved. So for example, if you have all of your costs in the salary line item as of right now and you’re looking to spend funding on supplies, that is a line item that you currently do not have in your approved budget, then you need to come in for prior approval for that. So just wanted to make those additional clarifications for you all. If you have any questions when you’re looking at budgeting, rebudgeting, or even just any questions in terms of allowable costs under these grants, as always, make sure that you contact your grants management specialist because they are the key to answering your question.

Stephanie Sowalsky (08:59):
So the next thing that I just want to remind everyone is that all costs utilizing federal funds, including these awards for your base funding as well as the COVID funding and the CARES funding need to align with the current H80 scope and the cost principles. In addition, they need to be an alignment with 45 CFR part 75, so the uniform administrative requirements. All of the requirements, unless it's explicitly stated on your notice of award or in the OMB flexibilities, they need to be adhered to. So a lot of the questions that we’re getting with regards to 45 CFR 75 includes information such as, does time and record keeping still apply? Do we need to keep time and effort reports?

Stephanie Sowalsky (09:55):
The answer is yes. You need to maintain documentation, and ultimately, you need to make sure that you maintain a system of internal controls to verify that all expenditures charged to the grant, including salaries, are for allowable costs and for actual costs incurred. So the burden is on you as an organization to make sure that you are maintaining documentation to verify these things.

Stephanie Sowalsky (10:24):
Now, the last thing that I just wanted to mention before turning it over to Vera is with regards to single audit completion. I did want to mention that there's a flexibility for up to 12 months beyond the normal due date for non-delinquent audits. So if you have a currently do audit and one that's currently due within the past two years, then you do have a flexibility up to 12 months. But we do ask that you let HRSA know. So if this is your circumstance and you need additional information, we are more than happy to provide you clarity on this flexibility. Now, I'm going to turn it over to Vera.

Vera Messina (11:10):
Again, good afternoon everybody, and thank you to the NACHC for allowing HRSA to participate in this. We appreciate the challenges that the health centers are facing and want to make sure that you are afforded all of the resources that you can in terms of handling all of your funding, including these new COVID and CARES funding. So a couple of other reminders regarding these awards, that you are allowed
to claim costs going back to January 20th, 2020 up to through your date of award. The key piece here is they cannot be costs already supported with H8D or H8C funding, meaning that, if the funding is already been allocated from your H80 grant, and you cannot sort of double-dip. You cannot apply the same funding to pay a salary that is already being paid with an H80 grant, unless you again, rebudget those funds.

Vera Messina (12:11):
So that's one key piece there. We would ask when you submit your budget response and the reporting requirements, as you heard we do for the H8C on April 23rd that you indicate whether or not you're using your funds for these pre-award costs when you submit that budget to HRSA so we are aware of what funds will be utilized for these expenses that have already been incurred as opposed to future expenses. Then you should, in order to use these costs for the time period from January 20th to currently, that you maintain supporting documentation and adjusting journal entries to identify these charges in your funding source. So you may need to adjust your journals if you're going to apply the expenses that you've already dispersed against the H8C and H8D grants.

Vera Messina (13:05):
So that has to be clear in your journals. Program income. Again, we spoke a lot about... We understand that health centers are being challenged in terms of generating program income. So program income can only be used for the allowable cost under the grants. So for the health center grant, again, you can move your program income without prior approval, but it should only be used for costs that are attributable to the in-scope activities of the health center. The H8C and H8D grant awards are one year awards. This is very different from your health center award.

Vera Messina (13:46):
So if the end of the award period, if you have costs... Excuse me, if you have funds that are still available, if you have unobligated funds that are still available, you would need to get an extension of time called the no-cost extension, which requires prior approval to continue to expend the funds beyond the end date of the award. We would then revise the end date of the award, and you would be able to continue to expand those funds. It's a little bit different than what you're used to because usually, you are asking for carryover from one budget period to another. In this case, this only has one project and budget periods, so would require an extension at the end to continue to spend funding.

Vera Messina (14:30):
I think the biggest reminder that both Stephanie and myself would like to say is that, well, we have provided a number of resources on both the HRSA and the BPHC websites. We've provided FAQs and a lot of information that is to the COVID-19 response. So we would urge you to consult those websites first when you have questions. Those change daily. We've been adding FAQs on a daily basis to those websites. So before you reach out to HRSA or to the NACHC, please see if an answer is available on those websites. If not, please, come through, either the BPHC portal or to your grants management specialist with questions regarding budget on allowable and unallowable costs and if they are regarding audits or other issues with your bookkeeping, and we can refer them to our colleagues in the division of financial integrity. Thank you all again.

Stephanie Sowalsky (15:44):
Thank you so-
Ted Henson (15:45):
Great. Thanks, oh, Vera and Stephanie. Now, we're going to hear from our colleagues here at BKD, turn things over to Jeff Allen, his partner at BKD. I was going to speak about strategic planning, cash flow management, and grants management strategies. Gervean did you have something you wanted to add? Apologies for that.

Gervean Williams (16:03):
No, I'm good. Thank you.

Ted Henson (16:05):
Okay, great. Well, Jeff, we will work on handing you the ball, and you can take it from here.

Jeff Allen (16:10):
Thank you very much. I appreciate the opportunity to be on today. Just like our folks from Bureau that called in, we all stand together with this. It's an unprecedented times that we are now really living through. So trying to really think through strategically how to handle this and really consider some points before we jump into a few grants management ideas, which is what the lion's share of the questions that we're getting at least at BKD right now, or how do I do this, how do I document this, how does it take care of? Catherine and David will speak to that, certainly more experts on that.

Jeff Allen (16:46):
But as far as just really thinking through about planning for what's ahead of us, it's unprecedented time. To say that we know exactly what's going to happen here at the end of April, May, June, throughout the summer into the fall, nobody knows. This is a time period that we've not seen, at least in our lifetimes. So really looking through, we've got to really change some of our projections in our ability to kind of think through what's going to happen in the future because cash flow is extremely important. It can give us a little bit of a false sense of security when we get the paycheck protection loans, we get the stimulus money that we've gotten from the two rounds of grant funds. Maybe you've got some other cash flows that are coming in from other awards or from states or things like that that are really meant to help you through this crisis. You can see the cash situation jump up from a small amount to a large amount.

Jeff Allen (17:38):
But we really need to kind of think through and really look through and change our focus, not so much planning cash flow and strategic planning on a three or a five-year looking long-term at this point. We really need to kind of change the lens on our outlook and move it down into more of an eight and 12-week and a 16-week lookout. You can really create a pretty simple, straightforward spreadsheet with your cash that you have now really trying to anticipate each week, what are the inflows that you're going to have coming in and then the outflows that are going out? So you can really look at that cash balance and plan out for that if you've got that coming on, maybe a cash shortage that may be on the horizon.

Jeff Allen (18:20):
We do not know when demand for services is going to return. We do not know when dental is going to come back up to speed. We do not know exactly if we will have full panels when this thing lifts and the stay-at-home orders are lifted. So we really need to think through and look through different scenarios
and make sure that we're planning out. I would keep a rolling eight, 12, 16 weeks, whatever you feel is best for you cash flow spreadsheet and update that every Monday, update it every week, look for what you've got, look what's coming up on the horizon and see what your needs are based on what your inflows are.

Jeff Allen (18:55):
Staffing is going to be very important to look at what you need, what are your needs, your requirements at the time. If it looks like the demand is starting to come back to be nimble, have a plan for that. We don't know. Is it going to be best case, worst case, medium case scenario. We're not really sure about that. But to make sure you communicate regularly with your employees, even those that have been furloughed that you're planning on bringing back on once the demand returns, to look at those staffing requirements. What do we need to do to make sure that we've got those individuals that are needed to provide services once the demand for services has returned?

Jeff Allen (19:28):
The other thing, bullet point I have there is on initiatives. A lot of you may be in the middle of construction of a new facility. You may be in the process of moving your billing in-house or outsourcing your billing or moving your pharmacy to a contract or bring it in-house or various initiatives that you may have. You really need to sit down and take a look at that. Change is difficult at any time. That change during the time of a crisis can be an unmanageable situation. There is a fact pattern out there where you might stop a construction project for a few months. There is a fact pattern out there where you might hold off on that outsourcing, that billing department at the moment or bringing that in house or whatever it might be.

Jeff Allen (20:06):
So you need to really think through, "What are the outside initiatives that I'm working through right now?" And kind of think through, "What is the smartest way to handle it realizing that I must protect that precious cash that I have and to make sure that I'm being smart with what I'm moving forward?" It's important to really make sure, and Catherine and Dave are going to really talk through making sure we're planning for the use of these new grant phones, that we're being smart about it. Any other crisis funding that's there, always make sure you follow all the rules. Look at all the red tape, the rules that come out with any new grant source, whether that'd be a federal source, a state source, any local, anything like that comes out. Make sure that you've really followed through that well.

Jeff Allen (20:49):
I also make sure that as I leave off for this and I pass the football off to my friends is to show that you really have to hope for the best and plan for the worst. I mean, we don't know that May 1st, May 15th, June 1st that we're going to be back to a hundred percent demand right away. We don't know that. It's important to think through and plan for some different scenarios. If this fact pattern does occur, what are the decisions that we are going to make to make sure that we stay financially viable into the near future? If this fact pattern occurs, what am I going to do? And to think through those scenarios, really work through those. Think about it as a management team. Think about it strategically from a financial perspective. Are we able to handle into cash flow all the different scenarios? See a scenario or two that we're not able to do that. What can we do now to make sure if that eight or 12 week reality happens, that we're ready to roll.
Jeff Allen (21:47):
All right. I'm going to take the time now and pass it off to David Fields and let him go through really some of these grants management issues that we're seeing.

David Fields (22:00):
Thanks, Jeff. I know I've spent a lot of time answering questions from community health centers all over the country, and we thought, as Catherine and I were talking about some of the grants management issues, that it would be great to really show kind of all the different sources that are available out there for community health centers. I know one of the key issues that has risen to prominence this week is around the Small Business Administration Paycheck Protection Program. Many health centers out there have been waiting, have been anxiously trying to see if their funding is granted.

David Fields (22:42):
What some of them have found is that in the midst of that application process, the funding was run out. What I think it highlights for so many, and I would give a word of encouragement. I know that Congress is working even now, to pass additional funding for the Small Business Administration Payroll Protection Program that would enhance some of the reimbursement, the loan fund so that some of you who are still waiting can get your funds. But what it highlights is that we're in an ever-changing reimbursement environment.

David Fields (23:18):
What we're seeing is that as health centers, oftentimes, we're used to thinking about our federal grant funds as maybe being 20% of our budget. When we have this significant drop in program income and a dramatic increase in other funding, some of the disciplines that should always be there for us to federal grantees become that much more important.

David Fields (23:42):
So I would encourage those of you who have kind of reconsidered what's your budget, Jeff talked about, cash management strategies, how things flow, and really what we're seeing is to use a slide like this as a sort of checklist. Do we have an SBA Payroll Protection Program? Are we taking advantage of the FFCRA tax credits? Those are the ones for... I know we're not required necessarily to adopt the full medical leave and supporting people who are taking care of their children program. But some of you have. Are we taking advantage of that? Have we applied for the SPC Telehealth Grant? Do we have new or existing contributions and grants from state and local charities?

David Fields (24:33):
The Bureau did a great job of highlighting a lot of the key grants management rules. They talked about the various sources of COVIT funding, and there've been two that have come out. We'll see if there's additional funding that comes out. Just this week, there was some supplemental Ryan White funding. We all are familiar with our 330 grant. Then I know I would expect all of you or at least most of you received a CARES Act Provider Relief Payment number one. This was part of the hundred billion dollars that was provided to healthcare agencies specifically, and they used a calculation formula to release about 30 billion of those funds to all healthcare agencies.

David Fields (25:16):
What I'm trying to illustrate here is that while it is crucial that we understand all the grants management rules that exist and the uniform grant requirements, it is also vital that we correctly identify what funding is coming, and as they noted earlier, matching those revenue sources with the expenses. Now, we do not have clarity on the SBA Payroll Protection Program, whether that's going to be considered federal funding or not. But we do have advice and clarity on is that we need to separate that and not double-dip, not count that for something that we're also counting for grant funds.

David Fields (26:00):
I think that's kind of a universal theme along this. As we talk on the next slide about some broader branch management concepts, it is key for us just to realize and reiterate that the uniform grant guidance requirements still apply and that matching concept that we highlighted on the previous slide. I think one of the strategies that I'm having a lot of conversations with health centers is which funding stream do I use first? In order for us to correctly assess that and make those decisions, it's important for us to understand, what the timing is on some of those fundings.

David Fields (26:40):
Some of you just this week received the SBA Payroll Protection Program loan funds. Well, you've got eight weeks from the loan origination date to use those funds. So that may be your highest priority right now. As was discussed earlier, this may require shifting some of the expenses through rebudgeting process. So it's crucial that you're evaluating what you had originally committed to expend federal grant dollars on and what sort of flexibility exists and absolutely work with your grants management specialist on some of the nuance questions there, and we can't stress highly enough looking at those frequently asked questions for the rules and elements that are there.

David Fields (27:26):
I know some health centers maybe have just had the 330 grant before, could have felt like they had a system that was sufficient to meet their needs and tracking all those grant expenditures. But the thing that I would stress is that that's just made to be more robust now moving forward because we may be tracking six, seven different funding sources. Our recommendation is best practice is that that needs to be done through your general ledger. But ultimately, being able to tie that back to the supporting documentation has been highlighted. Each grant has its own carryover requirements, so those become key as well.

David Fields (28:06):
The last thing that I'm just going to touch on before Catherine finishes out talking on some of the key grants management requirements are the idea of cash management, recognizing that we are... The expectation is that we don't draw federal funds down sooner than as administratively necessary to expend those funds. Some health centers, because again, it was only 20% of their federal grant funds, have established some routines and patterns when it comes to how they draw down their federal grant. They may do it a certain amount per payroll. If we're entering a timeframe where the organization has their payroll being paid through a small business administration payroll protection program, then we need to reevaluate what our cash draw is.

David Fields (29:00):
The other thing that happens is that we can find ourselves in an unexpected cash flow shortage. Jeff stressed, and I want to just come alongside and agree with that, that we have to have that cash
management plan because each payroll takes on significance within our organization, making sure that we've got sufficient funds to meet that need. I've seen health centers make mistakes and draw grant funds down early sometimes because they were less with limited options in order to make sure that they had sufficient funds to draw that down and just keeping in mind, if there's that change in budget and being patient to get those things approved. Catherine now will kind of carry on some of the other common questions that we're hearing and some common mistakes that we observe out there with community health centers.

Catherine Gilpin (29:56):
Thank you, David. All right. So one of the key concepts that BKD wanted to mention, ultimately, our discussion is very similar to HRSA's discussion, in that, they should be complimentary, right? We might be financial statement auditors, but there are many regulatory agencies looking at your use of the grant funds. HRSA emphasized during their portion of the discussion that policies and procedures are important. We wanted to remind all of our grantees that the uniform grants requirements still apply, right, and that you should already have policies and procedures in place, and you should be following those policies and procedures.

Catherine Gilpin (30:38):
As we're expanding grant funds, I mean, the expenses that we're charging to the grants are typically related to... We are either procuring, or we are incurring salary and wage expense that we are charging to federal awards. You should have policies and supporting procedures in place that define your procurement, the requirements and supporting procedures. There are five methods typically. There are five methods of procurement mentioned in that uniform grants requirements, and those should be in your policies and procedures. Regardless of whether you're using expenses for the COVID funding or your 330 grant funding, you should still be following all of the procurement guidance required.

Catherine Gilpin (31:24):
In addition, when you think about time and effort in this system of internal controls supporting the allocation of wage expense to award, those rules haven't changed because of the current crisis and emergency situation. Charges to federal awards for salary and wages are required to be supported by a system of internal controls which provides reasonable assurance. The charts are accurate, allowable, and properly allocated. Right now, it's a time to challenge that system of controls or your time and effort processes to make sure that they're working and that they're in place as you work to allocate expenses to the different funding streams that David mentioned.

Catherine Gilpin (32:04):
We still see health centers that are allocating expenses based off of actual and not budget. Then that we ultimately need to think about direct care versus administrative expenses as we're allocating to these awards. HRSA clarified several times with their FAQs, that you can potentially use an indirect cost rate related to the COVID-19, funds, but that you need to be consistent between all of your awards, and that's just a point that BKD wanted to emphasize.

Catherine Gilpin (32:37):
Let's think about grants management strategies, right? So just like David mentioned, the biggest concern that we have right now related to the grant funding is double-dipping. Strategically, here due in a couple of days and then also in May, we're going to have two budgets for our COVID-19 and our CARES Act
funding that are due to HRSA. One of the things that I think we're going to need to do related to the 
covet 19 funding, but then just looking at all of the different funding that was on that first slide that 
David talked through is we're going to have to go through a process where we work to analyze the 
different funding streams. I think that process is going to involve a couple of different steps. One of the 
things that I think we need to do is analyze those funding streams and the restrictions and potentially 
consider spending the most restrictive funding streams first.

Catherine Gilpin (33:30):
I think, just like Jeff mentioned, creating a rolling cash flow spreadsheet and analyzing it with frequency, 
I think you have an opportunity to do the same thing, and she worked to manage the expenses that 
you're going to allocate to different funding streams. I think health centers need to forecast and analyze 
their pool for future expansions, right? We all have budgets. The budgets are most certainly going to 
have change because we might be spending more on COVID-related expenses, expenses related to 
telehealth, or just expenses required to maintain or increase our health center capacity. So we need to 
look at those and keep track of them as they're changing so that we can allocate them to the different 
awards.

Catherine Gilpin (34:13):
I think we need to develop a plan for matching the most restricted funding strings to expenses first so 
that we can determine the pool of expenses that are available to obligate our COVID awards and our 
330 grant awards. I think the next step that would be involved is preparing budgets for the COVID-19 
awards that aligned with the plan mentioned in the previous step.

Catherine Gilpin (34:34):
Ultimately, the last step in this process, just like David mentioned in HRSA has mentioned as well, is to 
track revenues against expenses and the general ledger. I think it's extremely important and always 
preferred as compared to tracking an expenditure in an Excel spreadsheet because it's so much easier to 
charge an expense to an award or funding stream twice in Excel as it is to twice in the general ledger 
when you're working with debits and credits.

Catherine Gilpin (35:07):
Rebudgeting. I wanted to touch on this briefly. We all had a 330 grant budget. If you're one of those 
grantees, when you prepare the federal column of that budget and you just had expenses in that federal 
column and you're using your three 30 grant for salary and wage expense, you are likely going to have to 
rebudget because, if you had a budget line of zero in that federal column, you're not approved to spend 
expenses. We're not so worried about rebudgeting up the COVID grant fund, but concerned about 
rebudgeting of the 330 grant funds, and we want to make sure that you're ahead of that and that you're 
asking to rebudget now if you need to.

Catherine Gilpin (35:47):
I'd like to conclude the BKD's discussion today with the statement, that you might have noticed that BKD 
slides are similar to HRSA's, and we were trying to complement their discussion. At the end of the day, I 
think that we're all concerned that, at some point in the future, there's going to be a reconciliation of 
these funds, whether it's from the office of inspector general, the division of financial integrity or BKD, 
though we're a financial statement auditor. It's imperative that you utilize the time that you have right
now to set up or optimize your systems so that they're capable of generating and providing auditable records to support accountability when the pandemic subsides.

Catherine Gilpin (36:28):
Ultimately, the COVID pandemic is not a permissible excuse for grantees' failure to follow federal guidelines when spending federal or other funds, and it hasn't created a free pass for you not to have appropriate records in place to support the obligation of funds. The rules for spending and tracking grant dollars have not changed or gone away, and it's important that you keep the principles of grants management front and center as you work to spend these funds. Thank you. At this time, I'm going to transfer to Gervean.

Gervean Williams (36:57):
Thanks so much, Catherine. Thanks so much everyone for all the information we've had so far. Catherine, if you go ahead and pass me the ball, we'll advance it to the next slide. So there's a contact information for our BKD folks. So I'm very excited to let you guys know that CMS has now announced the regulations for FQHC billing as a distant site. So here's the information. So from January 27th of June 30th, you can do the telehealth services as a distant site using Modifier 25. From July 1st until the end of the COVID-19 public health emergency, you're going to do those services using the G code, G2020.

Gervean Williams (37:45):
The reimbursement rate is $92. It's not the PPS rate, but it's definitely something we should be very excited about. I'm just going to do this over a high level because me and my colleague, Susan Sumrell, we're going to do a webinar on everything Medicare. But here are the couple of resources that CMS just put out today that you can go ahead and look at to read up on before we...have the Medicare webinar in a week or so.

Gervean Williams (38:13):
So with that, I always like to have voices from the field. So we have two great CEOs to speak to us today. First, I'll turn it over to Patrick to give us some insight on his experience in implementing their telehealth. Patrick, you're going to unmute your line and go ahead and share your story with us.

Patrick Sallee (38:34):
Thanks for having me on and for sharing all this great information. So we, much like many people on the line and many FQHCs around the country jumped into telemedicine pretty quickly. I think there's a few lessons learned that might be valuable for folks, or they may have experienced, I think. On the positive side, I've learned a couple of lessons around how much we can accomplish when the right motivation and the right incentive is in place. We can do some pretty heavy and hard work, very quickly, and our team has really jumped to the task of figuring out how to set up telemedicine service when we weren't doing this really in any way previously.

Patrick Sallee (39:23):
So we operate in Kansas. In addition to the Medicare rules you referenced, the State of Kansas, our governor signed an executive order making some of the same rules accessible to Medicaid as well, so reimbursing a number of Medicaid codes and allowing not only FQHC to be distant site, but an originating site, patients could be at home. So it's completely opened the door. In our clinic, we have much more of a Medicaid population than we do Medicare. So that's been a big part of our focus.
Patrick Sallee (40:02):
I think the biggest areas of challenge have been, from a patient standpoint, we operate on eClinicalWorks, and the Hilo portal is not used heavily by our patients and creates a number of layers for our patient to get access. So we pretty quickly switched from trying to make this work through the patient portal to using a healthcare compliance Zoom license to get this done. So we can now, or what we move to is texting a Zoom link to the patient, and they can click on the link and sort of be right in to the visit, ideally.

Patrick Sallee (40:43):
There is some nuance on what happens based on patient's phone settings, and whether it will download or immediately open. It feels like, to some degree, every day we're learning a new lesson on what may be the problem in terms of troubleshooting. But overall, it's a much faster process from an MA talking to the patient and getting them set up and walk through an initial questions to seeing a provider by using outside technology from the EMR.

Patrick Sallee (41:17):
The other piece that would have been handy to know ahead of time is some of the workflow that we have experienced with providers that doesn't mirror the experience in clinic. So as a minor example, in our system, the providers are never the one moving the patient to checked out. So there's some of those where now in a telehealth visit they are. So there's some of those minor switches from what the process looks like in person to what the process looks like through the telehealth encounter that are... They've caused some wrinkles and delays in us getting reporting done properly and encounter shared across staff and certainly then billing started the right way that we didn't anticipate and didn't catch until we were a few days into it.

Patrick Sallee (42:12):
But overall, I think a big lesson, a big takeaway is that this whole experience has been a lot easier than to get into, to go from not doing to having it be half of our encounters than I would have anticipated a month or two months ago.

Gervean Williams (42:30):
Thank you so much Patrick, and thank you for those lessons learned. I'm sure a lot of people on the line are going to really use those and run with it. Next we're going to have Dr. Hatches from Chicago Family Health Center share his experiences and responding to COVID-19. Dr Hatches.

Dr. Berrett Hatches (42:54):
Gervean, and thanks so much for allowing me to participate. I will go and keep my comments really short. I just want to say again that I'm from Chicago Family Health Center. We are a FQ on the south side of Chicago right in the middle of the hotspot. I'm sure you have all heard the disparity conversations around African-Americans as relates to COVID infection and death. So on last week, our governor called my office to ask whether or not we would participate in rapid testing, which is one of the things that we know across the country we need to do and see more of.

Dr. Berrett Hatches (43:32):
So he chose four FQHCs, two on the south side of Chicago and two on the west side, with west side being another one of the hotspots and partnered us with Lurie Children Hospital. So what we’re going to start doing is rapid testing in our parking lot, both to drive-up and walk-up, both our patients and our patients’ families. Ultimately, we want to be able to test everyone in our community that we serve or co-serve. This partnership will allow us to do the testing on the ground and for Lurie Children Hospital to actually do the analysis.

Dr. Berrett Hatches (44:14):
We also have received, as of yesterday, a Abbott machine that will allow us to do the rapid test on-site, and we do some tests on-site with our laboratory partner, which is LabCorp. So we've been asked to step here in a major way to be a big part of testing in the community. That's one of the hottest spots in the country. We are so happy that we've been given this opportunity. It has not come without challenges though. We have providers who initially had some concerns about doing this and other staff members, and the major concerns were around the need for PPE. Initially, we did not have enough PPE that we felt comfortable with to open up a major testing site, but the state has been tremendous in getting us more PPE, so has made our hospital partners.

Dr. Berrett Hatches (45:09):
So we feel that we're... Other foundations have come around to really ask and offer their support. So we're real happy to hopefully start this off next week, where we will be a known testing site. We know that's going to come with some issues, in that when the community is made aware that there's a rapid testing site right in the community, everyone who feels they need to be tested will want to show up.

Dr. Berrett Hatches (45:35):
So workflows have been developed. The huge communication strategy has to be developed and communicated. But we're going to get through all that. Some of the challenges that we've seen just as a result of being in an urban setting as an FQ has really sort of focused in our behavioral health area and that we've seen more increased depression. We also are doing the majority of our visits through telehealth, and that's working really well for two reasons, to keep people really who don't need to be in the clinic, out of the clinic and to allow us to reduce the number of staff that we have in the clinics and that 75% of our staff today are working from home, including many of our providers who are able to do telehealth at home and/or in the office on a rotating basis.

Dr. Berrett Hatches (46:22):
But we're seeing our behavior health patients increased... most patients with increased depression, patients living with sick family members, worried about whether or not they can go to work or not, having issues around childcare, taking care of six families. The big issue around multi generations of families living in the same household. So when our mayor and our governor talks about shelter in place and stay inside, it's just because of this issue.

Dr. Berrett Hatches (46:51):
Then one last thing I mentioned around the stimulus release checks, which the population that we serve desperately needs this help, but many of them lack the tax balancing access and the access or access to a bank account. So those are the things that they're struggling with. Certainly, as you all know, as FQHC,
we are more than just a healthcare stop-off for our community. We are everything that our community needs to be. We would try to all of that service for them or direct them in a way that they can get it.

Dr. Berrett Hatches (47:22):
So Gervean, I'll just kind of stop there because I know we're short on time. But again, I appreciate the opportunity to highlight some of the challenges we have and some of the opportunities we have also in serving the community that we've been serving for the last 43 years here in Chicago.

Gervean Williams (47:39):
Thank you so much, Dr. Hatches. I really appreciate you and Patrick's both views from this field. So this is a page of resources out there for you guys, and you will get the presentation emailed out to you. I wanted to mention, I do have a couple other experts on the line. I have Mike Glomb and Ali Noori from Feldesman Tucker Leifer Fidell. They're our legal counsel there. So they're here for a resource. I also have Ray Jorgensen from PMG revenue cycle management. I'm glad that we have that because on my Medicare slide, I've put the code G2020, but it's actually G2025, and I'll correct that before we send it out.

Gervean Williams (48:18):
With that, I will like to open it up for questions, and I'll kick off the first question before I turn it over to my colleague, Anne. The question is, "Our audit is not due until August, 2020. Does the extension apply to the audits coming due later this year?" Stephanie, did you want to answer that question?

Stephanie Sowalsky (48:37):
Yeah, of course. Thank you. The answer to that is yes. This flexibility does apply to you at this point in time. But what we ask, and I had mentioned this earlier, but I didn't have the email on the top of my head, what we ask is that you let HRSA know, and you can do that by emailing us at sar, that's Sierra, Alpha, Romeo, followup, so sarfollowup@hrsa.gov and let us know that you're looking to take advantage of this flexibility. Now, this is not a requirement to take advantage of the flexibility, but it's something that we're asking for, for just tracking purposes.

Gervean Williams (49:24):
Thanks so much Stephanie. I'll turn it over to Anne to see if we have another question.

Ann Loeffler (49:28):
Hi, Gervean. We do. This is the question that came up when Vera was presenting. "If our notice of grant award has only nine months of our funding, is the rebudget rule, the 25% rule based on the total or only what has actually been awarded?"

Vera Messina (49:52):
Hi, this is Vera Messina. We usually base it on your total federal award. So I would say that if you're going to rebudget, currently, your total federal award or the fund you've already received, your overall budget that we've approved for the year is a higher amount. We have not given you that funding yet. So this is sort of a bit of a gray area. We would want to know that if it's going to affect 25% of your overall budget, 25% of the money you've received, we want to make sure that the rule says 25% of your federal award.
Vera Messina (50:28):
So in terms of that, it is the full award we've provided for you. For health centers, it's odd because we give you money in portions because of the appropriation from Congress. So I think we're going to go with 25% of the overall federal award for the year and what you've been approved for.

Ann Loeffler (50:51):
Thank you. This question came up during David's presentation. "Where can I find the best guidance that explains the calculation for the forgiveness amount of the TPP funding?"

David Fields (51:05):
Hi, this is David Fields. The guidance that we recommend is that you look at the US treasury.gov page, and I can make sure that Gervean and Mark have that link that they can push out. There continue to be numerous FAQs and updates to those resources. There could even be another administrative fix or corrections to some of those calculations if additional funding is awarded to the $350 billion. But just know that the Small Business Administration and the US Treasury are the key authoritative sources of guidance on those calculations.

Ann Loeffler (51:51):
Great. Thank you. Here's one more question that came up during Catherine's presentation. If our 330 grant is budgeted for 50% of everyone's salary, then would we have to rebudget the amount that we're going to use toward our SBA PPP?

Catherine Gilpin (52:09):
So when you're already approved for salary and wage expense, because that's how you budgeted, you didn't have to budget 50% for... You can change around the people that are budgeted without asking for permission. So where you would need to rebudget is if you are shifting expenses from salary and wage expense to another line item like supplies or the other lines. So let's say you're looking at the 50% of expenses, not allocable, that you already didn't allocate to the grant or you're taking everybody for eight weeks and charging it to the PPP award, you don't necessarily need to rebudget, unless you're shifting expenses in the future that you intend to use your 330 grant.

Catherine Gilpin (52:54):
So if you don't have enough expense after allocating eight weeks of expense to the PPP award, you wouldn't potentially need to rebudget if you didn't have anything on the budget on the other line item.

Ann Loeffler (53:06):
Great. Thank you.

Vera Messina (53:06):
This is Vera. I would add something to that though. If they're shifting funds for eight weeks and not going to be charging the grant for those eight weeks and then are shifting federal expenditures to compensate after that, their records should reflect the additional funding that they're charging to the federal grant. In other words, if you're only charging a portion every month and now that portion has gone up, it has to draw down some PMFs and all of their accounting has to reflect the additional money that they're charging to the federal grant.
Ann Loeffler (53:43):
Thank you for that, Vera. Anyone else have anything to add to any of the responses that our presenters have provided thus far? Okay, great. Back to you Gervean.

Gervean Williams (53:59):
Thanks so much, Anne. So the questions that we haven't answered, we will answer those offline and make that available at the next FAQ. But thank you guys so much for attendance today. Please, if there are any topics, we'll leave it open for a couple of minutes, but if there are any topics in the future that you would like for us to cover, please just put those topics in the chat, and we'll leave it open for a couple of more minutes before we close it out. But as always, thank you for everything that you do, being on the front line and stay safe.