

ACCOUNTING & ADVISORY SERVICES

ARPA Funds

Six Popular Initiatives Hospitals are Supporting



HORNE

ARPA FUNDS

Executive Summary

American hospitals have felt the strain of COVID-19, especially those in underserved rural and urban areas. Healthcare leaders have had to lead their organizations through multiple challenges, many of which may have come at a high cost. And today, to better prepare for the future, they probably have strategic initiatives in place.

Funds from the American Rescue Plan Act (ARPA) are available to hospitals, whether they need to recoup the costs of prior pandemic-related expenditures or invest in their organization's future.

Using resources from the \$1.9 trillion ARPA bill, hospitals can fund or cover costs related (but not limited) to:

- Staffing shortages
- Vaccines, PPE and other equipment and supplies
- Telehealth initiatives
- Behavioral health and telepsychiatry programs
- Water and sewer improvements
- Data analytics



ARPA FUNDS

Executive Summary

Every state has received an allotment of ARPA dollars; hospitals must take special care when applying to use them. In addition, approved funds must be managed in a compliant manner or risk having to pay them back.

Therefore, it's best to partner with experts who can help find, obtain and manage funds from ARPA and other government sources.

Healthcare organizations now must look to the future. Hospital leaders in underserved areas probably have made pandemic-related expenditures and have strategic initiatives to better prepare for the next crisis. And either you've received, or you believe your organization could qualify for, ARPA funding to pay for it all.

Unlike the CARES Act, which disproportionately funded organizations in better financial standing,¹ health organizations large and small are successfully using ARPA funds for various projects.

But which pandemic expenditures or strategic initiatives qualify?

The next section will cover variety of projects, such as pandemic response, data analytics and even water and sewer improvements that qualify. The volume of federal funds available at the state, county and municipal levels might be surprising. And perhaps most importantly, hospitals will see how their organizations can take the first step toward using these dollars while staying compliant with the law.





SIX POPULAR INITIATIVES HOSPITALS ARE SUPPORTING WITH ARPA FUNDS

Staffing Shortages

While national unemployment has returned to near pre-pandemic levels, at 3.6% (as of April 2022), the healthcare industry reports being down 250,000 workers compared to February 2020.² Also, as of April, the average expense per adjusted discharge was still up compared to 2020.³ Therefore, hospitals must prepare for the future threat of additional pandemics with fewer workers. And hospitals in underserved areas likely already had a limited labor pool.

Understandably, the costs of recruiting, training and retaining staff are challenges that most healthcare organizations are facing. Thankfully, not only can ARPA funding cover recruiting costs, but also the premium pay for the additional hours they've worked.



SIX POPULAR INITIATIVES HOSPITALS ARE SUPPORTING WITH ARPA FUNDS

Vaccines, PPE and other Pandemic-Related Resources

Of course, COVID-19 not only presented staffing problems, but in rapid fashion, hospitals needed tests, vaccines, PPE, ventilators and other essential supplies and equipment. And let's not forget the purchase and rental of space to handle multiple waves of variants. Even if paid for, these expenditures have left rural and urban hospitals wondering how they'll handle the next emergency.

While some hospitals may have had the emergency funding sources to fight COVID-19's multiple surges, they could benefit from the funding to recoup those costs and prepare for the future. ARPA dollars have been provisioned for this use and are waiting for hospitals and other facilities to take advantage of them.



SIX POPULAR INITIATIVES HOSPITALS ARE SUPPORTING WITH ARPA FUNDS

Telehealth Initiatives

Hospitals across the country felt the loss of revenue from elective procedures while having to deliver non-acute care via telehealth. Still, telehealth opened access for patients not prone to visit physical facilities, provided they had the necessary connection and equipment. In addition, it's helped to spawn innovation in patient monitoring and wearable technology.

Fortunately, ARPA funding is available for hospital telehealth initiatives and local communities to improve patient broadband access. Therefore, hospitals can strengthen their telehealth infrastructure and revenue stream.



SIX POPULAR INITIATIVES HOSPITALS ARE SUPPORTING WITH ARPA FUNDS

Behavioral Health & Telepsychiatry

Recent research estimates that COVID-19 has caused an increase in the prevalence of anxiety and depression in the U.S. by 25%. And this data does not take into account the limited access to care that patients in underserved communities were already experiencing.⁴

Therefore, one positive side effect of COVID-19 is the increased federal focus on and funding for behavioral health. As a result, leaders of rural and urban health systems can have the resources to improve the mental well-being of their staff and the greater community.



SIX POPULAR INITIATIVES HOSPITALS ARE SUPPORTING WITH ARPA FUNDS

Water and Sewer Improvements

In its R3 standards that went into effect at the beginning of 2022, the Joint Commission set forth new water management standards. They are designed to “improve the quality and safety of care provided to hospital patients and nursing care residents who are immunocompromised. Specific and growing threats include waterborne pathogens like Legionnaires Disease.”⁵

By merging the facilities’ needs with patients’ needs, these standards make a crucial capital improvement fundable through ARPA. Therefore, while ARPA grants are being used for municipalities for civic water projects, they can also directly improve an organization’s care delivery.



SIX POPULAR INITIATIVES HOSPITALS ARE SUPPORTING WITH ARPA FUNDS

Data Analytics

Although larger systems have been transitioning from fee-for-service to value-based revenue models for years, hospitals in underserved areas have faced unique challenges. Often they don't have the expertise on staff necessary to understand and mine the data from their EHR systems to satisfy the value-based metrics needed to generate revenue. And the prospect of finding the right help can appear expensive and time-consuming.

Hospital leaders can fund the partnerships needed to implement a successful data analytics strategy with ARPA funds. With this investment, they can set up their organization for increased earning potential for years to come.

THE FUNDING IS REAL

ARPA Allocations in Detail

With \$1.9 trillion approved for dispersal, there's no reason for healthcare leaders, especially those in underserved communities, to assume they can't benefit from ARPA. And to date, not all of the funds have been allocated.

STATE ARPA ALLOCATIONS IN THE SOUTHEAST⁷:



SOME OF THE BILL'S LARGEST ALLOCATIONS INCLUDE⁶:



State Operations
\$28.8 billion



Public Health
\$12.4 billion



Workforce Development
\$16.2 billion



Water Infrastructure
\$14.6 billion



Broadband
\$8 billion

ARPA FUNDS

The Challenges

Often, the challenge is not that hospital leaders weren't aware that ARPA existed. The concern often has been how to use ARPA dollars in a compliant way.

Some systems have set out on their own to understand the intricacies of obtaining and using ARPA funds and then remaining compliant. Unfortunately, such an approach makes hospitals vulnerable to paying back the money in the event of an irregularity.

Other systems have avoided using ARPA dollars for fear of noncompliance. As discussed, few hospitals in underserved areas have the staff to obtain or manage the funds, so they ignore a viable funding source for these initiatives.





LEVERAGING THE EXPERTISE OF HORNE HEALTHCARE

The Solution

Hospital leaders can partner with the ARPA compliance experts at HORNE Healthcare. Just as hospitals have effectively shared resources on the care delivery side for years, they can now augment their team with compliance, grant management and analytics experts. For years, HORNE Healthcare has provided regulatory compliance support to hospitals around the county to help them grow and better serve their communities.

[Contact them today](#) to learn how to fund your strategic initiatives with funds from ARPA and other sources.



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Kathy's focus is financial consulting and strategy for physicians and their medical practices. She has collaborated with hundreds of physicians and practice administrators to achieve both personal and business goals ranging from startups to succession plans.

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"They say extraordinary times call for extraordinary measures, and we couldn't agree more. From each one of the extraordinary individuals that make up our HORNE healthcare team, we offer you our sincere commitment to extraordinary service today, and every day."

Katherine Watts



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