



ALABAMA  
NURSING  
HOME  
ASSOCIATION

Education Foundation

October 15, 2020

Mr. Kelly Butler  
Director of Finance  
Alabama Department of Finance  
Alabama State Capitol  
600 Dexter Avenue, Suite N-200  
Montgomery, AL 36130

Re: That Certain Second Memorandum of Understanding ("Second MOU") by and between the Department of Finance and the Alabama Nursing Home Association Education Foundation related to COVID-19 Costs and Insufficient Revenues

Dear Mr. Butler:

According to the reporting responsibilities outlined in the Second MOU between the State of Alabama Department of Finance ("DOF") and the Alabama Nursing Home Association Education Foundation (the "Foundation"), the Foundation submits this report outlining (i) certain procedures adopted by the Foundation, and (ii) the status of the use of the CARES Act/Coronavirus Relief Funds allocated under the Second MOU to help nursing homes respond to or mitigate the COVID-19 public health emergency.

**A. Claims Filing Procedures:** Facilities file claims using a worksheet showing (i) a summary of the specific items for which reimbursement is requested (with supporting documentation such as receipts, purchase orders, payroll summaries, etc.) and (ii) insufficient revenue, related to the decline in census due to COVID-19, and which insufficient revenues are determined based following a prescribed formula. The worksheet requires the facility to deduct from amounts claimed any applicable mitigating COVID-19 funding received from other sources such as the Medicaid COVID add-on of \$20 per day per Medicaid patient day; DHHS Provider Relief Funds; and SBA Payroll Protection Payment loans attributable to payroll, if any. The worksheet is divided into months beginning April 2020, and if the mitigates exceed a facility's claims in any month, no claims are paid and the unused portion of the mitigates are carried-forward and added to any mitigates received in the ensuing months. Therefore, due to the application of these mitigates, many facilities are just now becoming eligible to apply for and receive funds.

**B. Administrative Procedure:** To ensure balance in claim filing and administration, the Foundation adopted two procedural concepts:

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1. Monthly deadlines for filing claims were established as September 30, October 20, November 20 and December 10. Claims received on or prior to the deadline date for that month would be processed and paid in a single payment cycle.

2. To guard against funds not being available in the event of a second or later COVID-19 wave, the Foundation is holding back 25% of approved claims. To the extent funds remain available, the hold-back will be restored in late November or early December on a pro-rated basis. The restoration ratio for each facility would be (i) the amount of that facility's aggregate hold-backs (ii) divided by all hold-backs and (iii) multiplied by the aggregate amount the Foundation (in consultation with its third-party accountants) has determined is available to restore hold backs.

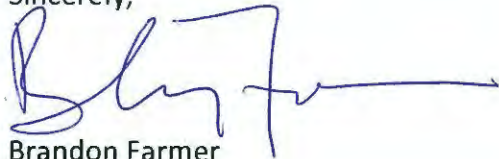
C. **Claims Report:**

1. Approved claims (12-facilities <sup>1</sup> )- as of September 30, 2020	\$6,540,897 <sup>2</sup>
Amount Held-back	<u>\$1,646,126</u>
Amount remitted to 12 facilities	\$4,938,377
2. As of October 13, 2020, there are pending claims filed by 65 <sup>3</sup> facilities	
Totaling	\$10,414,014
3. Total claims paid and pending as of October 15, 2020	\$16,954,911 <sup>4</sup>

The Foundation will next report its activity no later than November 15, 2020.

Please contact me if you have questions. We appreciate the opportunity to work together on this very important project.

Sincerely,



Brandon Farmer

On Behalf of the:

Alabama Nursing Home Association Education Foundation

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<sup>1</sup> These 12 facilities were the ones hit hardest in the early months. These amounts were paid in October and a detail will be provided with the next report.

<sup>2</sup> Does not include \$190,000.00 paid to date to the 3rd party accountants in respect to the Second MOU.

<sup>3</sup> The cut-off for October filing is October 20. We expect to have more facilities filing before that deadline.

<sup>4</sup> This includes \$4,238,728 in Hold-backs.