

II. Accessing the Interim Access Assurance Fund

A. Overview

Up to \$500 million in funding is available to help support certain hospitals and to preserve key health care services as these hospitals begin developing and implementing DSRIP projects. These funds are intended to sustain qualifying hospitals until April 1, 2015, when DSRIP funding becomes available for their selected projects.

Unlike the DSRIP funds made available through the MRT Waiver, IAAF funding does not need to be devoted to a specific project. Like existing VAP funding, IAAF operates as a grant that is intended to supplement existing payments to essential hospitals experiencing financial hardship. While providers already receiving VAP awards are not expressly precluded from also receiving additional funding through IAAF, the MRT Waiver requires the New York State Department of Health (“DOH”) to ensure that there is no duplication of payment for purposes covered by other grant programs. As a result, it remains to be seen if and how DOH will consider existing VAP awards in providing additional funding under IAAF.

B. Eligible Hospitals

Unlike VAP funding made available to hospitals, nursing homes, diagnostic and treatment centers and home care providers, IAAF is available only to hospitals. Further, eligible hospitals are subdivided into two “pools” of IAAF funds: (1) “safety net hospitals” for which \$250 million in IAAF funding is available; and (2) “large public hospitals” for which the remaining \$250 million in IAAF funding is available. While other types of providers are encouraged to participate in the DSRIP, IAAF funding is not available to them.

Safety Net Hospitals: All public hospitals and federally designated Critical Access or Sole Community Provider Hospitals are categorically eligible to apply for IAAF funding as safety net hospitals. For a private hospital to qualify as a safety net hospital for the purpose of receiving IAAF funding, it must meet one of the following requirements:

- 1) Have Medicaid, uninsured or Medicaid dual-eligible patients comprise (a) at least 25% of all outpatient visits and (b) at least 30% of all inpatient charges; or
- 2) Provide services to at least 30% of the Medicaid, uninsured or Medicaid dual-eligible population residing in the target county.

Furthermore, the safety net hospital must have available resources of fewer than 15 days’ cash and equivalents and have exhausted all efforts to monetize unneeded assets and obtain resources from corporate parents and other affiliated entities.

Large Public Hospitals: Unlike the means testing required under the definition of safety net hospitals, the waiver specifically names the “large” five hospital systems that operate public hospitals as public benefit corporations: Erie County Medical Center, Health and Hospitals Corporation, SUNY Medical Centers, Nassau University Medical Center and Westchester Medical Center. These appear to be the only five hospitals and hospital systems that qualify for this portion of IAAF funding.

C. Application Process

Any safety net or public hospital looking to take advantage of IAAF funding must apply by May 30, 2014. As part of the application, to be released in its final form on May 16, 2014, the provider must answer a brief questionnaire that identifies how the applicant qualifies for funding, and provide the following documentation: (1) a project narrative that justifies the funding request; (2) the latest fully audited financial statements; (3) the latest internal balance sheet; (4) an income statement and a statement of cash flow; (5) 2013 breakdown of utilization; (6) a monthly budget for the period April 1, 2014 – March 31, 2015; and (7) monthly utilization projections for the period April 1, 2014 – March 31, 2015.

D. Use of IAAF Funds

An approved provider will receive funds on a monthly basis to help support personnel costs, supplies, utilities, administrative services, communications and recordkeeping. These funds cannot be used for capital projects, consultants or repayment of existing debt obligations. The funding will be provided as a Medicaid rate adjustment, but the actual amount received will depend on reported revenue and expenses for the prior month, projected cash needs for the current and coming month, and progress toward achieving certain goals agreed upon with DOH. Funding will be available through March 31, 2015.