



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 2510

PRINTERS NO. 3866

PRIME SPONSOR: Turzai

### COST / (SAVINGS)

FUND	FY 2019/20	FY 2020/21
General Fund	See Fiscal Impact	See Fiscal Impact

**SUMMARY:** House Bill 2510, Printer's Number 3866, amends the Act of April 9, 1929 (P.L. 343, No. 176) and known as the Fiscal Code, to establish the Regional Response Health Collaboration; and provide for emergency COVID-19 responses. This legislation is effective immediately.

### **ANALYSIS and FISCAL IMPACT:**

#### **Article I-B: Regional Response Health Collaboration**

HB 2510 establishes the Regional Response Health Collaboration Program in the Department of Human Services (DHS) to: divide the state into six regions; solicit proposals from and contract with at least one eligible health collaborative applicant from each region to provide operations, management and administration in each region to protect residents in facilities from COVID-19. DHS must establish guidelines for each health care collaborative to 1) promote health and stabilize the economy of the region by directly supporting COVID-19 readiness and response in facilities 2) improve the quality of care related to infection prevention and other priority health care conditions common to facilities 3) expand COVID-19 testing to include asymptomatic staff and residents in facilities to expand public health surveillance and 4) implement best practices in infection control, including but not limited to: enhanced testing capability; infection control consultation and implementation, including contact tracing; and advanced clinical care, including remote monitoring and physician consultation.

The facilities covered in HB 2510 include assisted living residences, long-term care facilities and personal care homes.

*Fiscal Impact: Enactment of these provisions is based upon using \$175,000,000 from the DHS federal COVID Relief – Long Term Living Programs funding and an allocation of up to \$175,000,000 from funding received by the Commonwealth from the United States Department of Health and Human Services or Centers for Disease Control and Prevention for testing through Division B of Title I of the Federal Paycheck Protection Program and Health Care Enhancement Act (Public Law 116-139).*

#### **Article I-C: Emergency COVID-19 Response**

Article I-C is added to The Fiscal Code to establish the COVID-19 Response Restricted Account as a restricted account in the General Fund. Money received by the Commonwealth from the Federal Government under the Coronavirus Aid, Relief, and Economic Security Act (Public Law

116-136), the CARES Act, shall be deposited into the account. All money in the account shall be appropriated by the General Assembly. Except for money appropriated as county block grants, all money in the account, including, but not limited to, money received from the Federal Government, prior year encumbrances and any earned interest, shall not lapse or be transferred to any other fund or account. Money in the account that remains unexpended from the State Treasury as of November 30, 2020, shall be transferred to Department of Community and Economic Development (DCED) for distribution to counties eligible to receive funds under this act. By November 28, 2020, the State Treasurer shall notify the chairperson and minority chairperson of the Appropriations Committees of the Senate and the House of Representatives of the amount of money in the account that is estimated to remain unexpended as of November 30, 2020, and will be transferred to the DCED. By December 31, 2020, the Secretary of DCED shall notify the chairperson and minority chairperson of the Appropriations Committees of the Senate and the House of Representatives of the amount of money distributed to each county as directed under Subarticle D of this act.

### **Subarticle C: Department of Agriculture**

#### Section 120-C. Dairy Assistance.

Directs that the funds appropriated for COVID Relief- Dairy Assistance Program shall be used to make payments to dairy farmers who experienced a loss from the production of milk that was discarded during the proclamation of the disaster emergency. The Department of Agriculture shall work in consultation with the Milk Marketing Board to establish a methodology to calculate the volume of destroyed milk. By December 31, 2020, the Department must issue a report to the General Assembly.

#### Section 121-C. Pennsylvania Agricultural Surplus System.

Up to \$5,000,000 appropriated for COVID Relief- Dairy Assistance Program may be used by the Department of Agriculture to administer the provisions of the Pennsylvania Agricultural Surplus System Act. The funding shall be used to provide dairy products to charitable food organizations within this Commonwealth.

*Fiscal Impact: Enactment of these provisions is based upon \$20,000,000 in federal COVID Relief - Dairy Assistance Program funding provided to the Commonwealth.*

#### Section 122-C. State Food Purchase Program.

Money appropriated for COVID Relief - State Food Purchase Program shall be used for grants to counties for the purchase of food to be provided to needy persons in this Commonwealth, which shall be administered by the Department of Agriculture under the provisions of the act of December 11, 1992 (P.L.807, No.129), known as the State Food Purchase Program Act. Up to \$5,000,000 may be used to donate, sell or otherwise provide food products to charitable food organizations in the Commonwealth under the provisions of the Pennsylvania Agricultural Surplus System Act.

*Fiscal Impact: Enactment of these provisions is based upon \$20,000,000 in federal COVID Relief - State Food Purchase Program funding provided to the Commonwealth.*

### **Subarticle D: Department of Community and Economic Development**

### Section 130-C. County Block Grant Program.

From money appropriated for the COVID Relief - County Block Grant for county block grants, each county shall receive an amount equal to the population proportion of that county to the sum of the population of all eligible counties as estimated by the United States Census Bureau Population Estimates Program for calendar year 2019.

The Department of Community and Economic Development (DCED) shall distribute funding to counties on or before July 15, 2020. No county shall receive a distribution less than \$1,000,000 and, if that threshold is unattainable, the distribution to a county shall be adjusted on a pro rata basis to the extent necessary to meet the minimum distribution requirement.

Any county that has received a disbursement directly from the Federal Government through the CARES Act is not eligible to receive funds under this subarticle.

The COVID Relief - County Block Grant shall only be used for the following purposes:

- (1) Offsetting the cost of direct county response, planning and outreach efforts related to COVID-19, including the purchase of personal protective equipment. A county may incur direct administrative costs for the County Block Grant Program under this subarticle not to exceed 2% of the amount received, or \$200,000, whichever is less.
- (2) Small business grant programs to support businesses with fewer than 100 employees with priority given to those businesses that did not receive a loan or grant through the Federal Paycheck Protection Program or the Economic Injury Disaster Loan Program established under the CARES Act and to support businesses that are engaged in the tourism industry, regardless of the number of employees the business has. Counties may utilize Community Development Financial Institutions to administer all or a portion of their small business grant programs.
- (3) Grant or loan programs to support the following entities for costs related to assisting businesses during the COVID-19 disaster emergency:
  - (i) Certified Economic Development Organizations.
  - (ii) Local Development Districts.
  - (iii) Industrial Resource Centers.
  - (iv) Small Business Development Centers.
- (4) Assistance to cities, boroughs, incorporated towns, or townships located within the county for response and planning efforts related to COVID-19, including the purchase of personal protective equipment.
- (5) Behavioral health and substance use disorder treatment services.
- (6) Nonprofit assistance programs for entities that are an exempt organization.
- (7) Broadband Internet deployment with priority given to unserved or underserved areas.

*Fiscal Impact: Enactment of these provisions is based upon \$625,000,000 in federal COVID Relief - County Block Grant funding provided to the Commonwealth.*

### Section 132-C. Cultural and Museum Preservation Grants.

Establishes the COVID-19 Cultural and Museum Preservation Grant Program. The program will be funded through a transfer of \$20,000,000 to the Commonwealth Financing Authority (CFA),

which will award grants in amounts not to exceed \$500,000. Applications may not be submitted after September 30, 2020 and the program will expire once all funds transferred to the CFA have been exhausted or on November 30, 2020, whichever occurs first.

*Fiscal Impact: Enactment of these provisions is based upon \$20,000,000 in federal COVID Relief – Cultural and Museum Preservation Grant Program funding provided to the Commonwealth.*

#### **Subarticle E: Department of Education**

Section 140-C provides that from money appropriated for COVID relief, \$7,000,000 is distributed to the Pre-K Counts Program and \$2,000,000 is distributed to the Head Start State Supplemental Assistance Program. An eligible person or entity receiving a payment from these funds must be in operation as of March 31, 2020 and must provide documentation to the Department of Education for purposes of an audit review. Payments received may only be used to cover COVID-19 related costs not otherwise reimbursed by Federal, State or another source of funding, and must be incurred during the period between March 1, 2020 and November 30, 2020.

*Fiscal Impact: Enactment of these provisions is based upon \$7,000,000 in federal COVID Relief – Pre-K Counts Program and \$2,000,000 in federal COVID Relief – Head Start Supplemental Assistance Program funding provided to the Commonwealth.*

#### **Subarticle F: Department of Health**

Section 150-C provides that from money appropriated for COVID relief, \$10,000,000 is distributed to community-based health care centers based on a facilities CARES Act Supplemental Funding grant award divided by the total of all community-based health care centers CARES Act Supplemental Funding grant awards. An eligible person or entity receiving a payment from these funds must be in operation as of March 31, 2020 and must provide documentation to the Department of Health for purposes of an audit review. Payments received may only be used to cover COVID-19 related costs not otherwise reimbursed by Federal, State or another source of funding, and must be incurred during the period between March 1, 2020 and November 30, 2020.

*Fiscal Impact: Enactment of these provisions is based upon \$10,000,000 in federal COVID Relief - Community-Based Health Care Centers funding provided to the Commonwealth.*

#### **Subarticle G: Department of Human Services**

Section 160-C directs that funds appropriated to the Department of Human Services (DHS) for COVID Relief Long Term Living Programs shall be used for the following purposes:

- (1) \$245,000,000 shall be used for a one-time payment to nonpublic and county nursing homes with \$196,000,000 distributed based on each facilities percentage of Medical Assistance (MA) bed days for the third quarter of calendar year 2019 and \$49,000,000 distributed based on a facilities percentage of licensed beds as of March 31, 2020.
- (2) \$140,000,000 shall be used for a one-time payment to providers of personal assistance services with \$112,000,000 distributed to home health care and home care providers based on a provider's percentage of medical assistance 15-minute units, excluding overtime, for the third quarter of calendar year 2019 and \$28,000,000 distributed to direct

care workers (DCWs) employed through the participant-directed employer model based on the DCW's percentage of medical assistance 15-minute units, excluding overtime, for the third quarter of calendar year 2019.

- (3) \$50,000,000 shall be used for a one-time payment to assisted living residences (ALRs) and personal care homes (PCHs) with \$45,000,000 distributed based on the ALR's/PCH's percentage of occupancy as determined by the most recent DHS inspection on or before April 1, 2020 and \$5,000,000 distributed based on the PCH's percentage of individuals for whom the facility received a DHS Supplemental Security Income in March 2020.
- (4) \$13,000,000 must be used to provide a one-time payment to providers of adult day care services based on the provider's percentage of MA fee-for-service and Community HealthChoices payments for the third quarter of calendar year 2019.
- (5) \$1,000,000 shall be distributed as a one-time payment to residential habilitation services providers based on the provider's percentage of MA fee-for-service and Community HealthChoices payments for the third quarter of calendar year 2019.
- (6) \$8,000,000 must be distributed to eligible MA ventilator or tracheostomy qualified nursing facilities. Eligible providers had ten or more MA residents who received medically necessary ventilator or tracheostomy care and at least 17% of the facility's MA resident population received medically necessary ventilator or tracheostomy care in December 2019. Payments will be distributed based on a facility's percentage of MA residents who received necessary ventilator or tracheostomy care for the third quarter of 2019.

Section 160-C also provides direction for the following COVID relief funds:

- (1) \$50,000,000 appropriated for COVID Relief – Community HealthChoices shall be provided as a one-time payment to managed care organizations (MCOs) based on a MCO's percentage of MA nursing facility clinically eligible participants as of March 31, 2020.
- (2) \$10,000,000 appropriated for COVID Relief – Long-Term Care-Managed Care shall be provided as a one-time payment to organizations that operate a life program based on an organization's percentage of long-term care-managed care reimbursements for the first quarter of calendar year 2020.
- (3) \$259,280,000 appropriated for COVID Relief – Intellectual Disabilities shall be allocated for the Intellectual Disability – Community Waiver Program.
- (4) \$720,000 appropriated for COVID Relief – Autism Services shall be allocated for the Autism Intervention and Services Program.
- (5) \$116,000,000 appropriated for COVID Relief – Child Care Services shall be allocated for child care services. No funds shall be made available before DHS completes a study on the economic impacts of child care closures during the proclamation of the disaster emergency. DHS must use the study to develop criteria for distribution to eligible child care providers.
- (6) \$10,000,000 appropriated for COVID Relief – Domestic Violence Programs shall be allocated for domestic violence and housing support services.
- (7) \$10,000,000 appropriated for COVID Relief – Homeless Assistance Services shall be allocated for homeless assistance services. Counties that participate in the Human Services Block Grant Program must use these funds for eligible services under the homeless assistance program.

- (8) \$8,000,000 is allocated for legal services in the COVID Relief – Legal Services appropriation.
- (9) \$10,000,000 appropriated for COVID Relief – Critical Access Hospitals (CAHs) shall be distributed based on a CAH’s percentage of the FY 2019-2020 allocation for critical access hospitals.

The following applies to Section 160-C:

- An eligible person or entity receiving a payment must be in operation as of March 31, 2020.
- Payment recipients shall provide documentation to DHS, upon request, for purposes of an audit review.
- Payments received may only be used to cover COVID-19 related costs, including, but not limited to, a cost:
  - Not otherwise reimbursed by federal, state or other source of funding; and
  - Incurred during the period between March 1, 2020 and November 30, 2020.

*Fiscal Impact: Enactment of these provisions is based upon using the following DHS federal appropriations: \$457,000,000 COVID Relief – Long-Term Living Programs; \$50,000,000 COVID Relief – Community HealthChoices; \$10,000,000 COVID Relief – Long-Term Care–Managed Care; \$259,280,000 COVID Relief – Intellectual Disabilities–Community Waiver program; \$720,000 COVID Relief – Autism Services; \$116,000,000 COVID Relief – Child Care Services; \$10,000,000 COVID Relief – Domestic Violence Programs; \$10,000,000 COVID Relief – Homeless Assistance Services; \$8,000,000 COVID Relief – Legal Services; \$10,000,000 COVID Relief – Critical Access Hospitals.*

#### **Subarticle H: Pennsylvania Emergency Management Agency**

Section 170-C. Health Care System Assistance.

Money appropriated for COVID Relief - Health Care System Assistance to the Pennsylvania Emergency Management Agency shall be used to acquire medical equipment and supplies for health care entities to meet urgent patient and staff needs to address surge demand. Health care entities shall include, but not be limited to, hospitals, nursing facilities and emergency medical services.

*Fiscal Impact: Enactment of these provisions is based upon \$50,000,000 in federal COVID Relief – Health Care System Assistance provided to the Commonwealth.*

#### **Subarticle I: Pennsylvania Higher Education Assistance Agency**

Section 180-C. COVID-19 Student Loan Interest Forbearance Program.

Money appropriated for the COVID Relief – Student Loan Interest Forbearance Program to the Pennsylvania Higher Education Assistance Agency (PHEAA) must be used to temporarily relieve Pennsylvania student loan borrowers from interest payments for non-defaulted private loans that are held and identified by PHEAA according to the methodology outlined in this section. The program will be available beginning March 13, 2020 through September 30, 2020 and the Section expires once all funds have been exhausted or on November 30, 2020, whichever occurs first.

*Fiscal Impact: Enactment of these provisions is based upon \$2,200,000 in federal COVID Relief – Student Loan Interest Forbearance Program provided to the Commonwealth.*

**Subarticle J: Pennsylvania Housing Finance Agency**

Section 191-C provides for the establishment of a COVID-19 Mortgage and Rental Assistance Program, requires the Pennsylvania Housing Finance Agency (PHFA) to establish guidelines within 30 days of the effective date of this Section and provides parameters and program requirements that must be included in the guidelines. PHFA must allocate at least \$150,000,000 for mortgage and rental assistance and distribute payments no later than November 30, 2020 and provide a report including specific data to the Chairperson and Minority Chairperson of the Appropriations Committees of the House of Representatives and of the Senate by December 31, 2020.

*Fiscal Impact: Enactment of these provisions is based upon \$175,000,000 in federal COVID Relief – Mortgage and Rental Assistance provided to the Commonwealth.*

**Subarticle K: State System of Higher Education**

Section 190.1-C sets forth the distribution methodology for funds appropriated to the State System of Higher Education based on each State University's 2019 fall head count of students. Funding shall be used for costs related to COVID -19 and the disaster emergency.

*Fiscal Impact: Enactment of these provisions is based upon \$30,000,000 in federal COVID Relief – State Universities provided to the Commonwealth.*

Finally, HB 2510 also adds Section 1735.1-A.1 to The Fiscal Code to provide for the return of money transferred from special funds under the Governor's jurisdiction for the purposes of COVID-19 response assistance to the Commonwealth's health care system. Amounts shall be transferred from the COVID-19 Response Restricted Account to each special fund in an equal amount to that which was transferred. The return of money to special funds shall be completed by July 31, 2020.

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*