



COVID-19 Emergency and Health Care Response

GRANT PROGRAM REPORT TO THE MINNESOTA LEGISLATURE

1/15/2021

COVID-19 Emergency and Health Care Response Grant Programs

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Executive Summary

On March 13, 2020, Governor Tim Walz declared a peacetime emergency in response to the Coronavirus (COVID-19) pandemic. On March 18, the Minnesota legislature passed, and the governor signed, Minnesota Session Laws 2020 Chapter 70. Chapter 70 amended Minnesota Statutes 2018, Section 144.4199, subdivision 1 by adding a subdivision authorizing the Commissioner of Health to award \$50 million in Short Term Emergency grants from the Public Health Response Contingency Account and create a \$150 million COVID-19 Health Care Response Fund, to be awarded as grants by the Commissioner of Health.

Both grant programs were created to support the capacity of eligible organizations to plan for, prepare for and respond to an outbreak of COVID-19. Eligible organizations included: ambulance services; health care clinics; pharmacies; health care facilities and long-term care facilities, including but not limited to hospitals, nursing facilities, and settings at which assisted living or health care services are or may be provided; and health systems. These health care providers have played an essential role in the State of Minnesota's response to COVID-19.

To date, MDH has issued 1,247 grants, providing close to \$200 million in critically needed financial support for health care providers to counter COVID-19. These grants include:

- \$49,850,000 in Emergency Fund grant payments, and
- \$146,741,290 in Health Care Response grant payments.

Grant applications were reviewed by teams of reviewers according to provider setting type. Reviewers took into account the availability of funds, impact of the pandemic on the area, urgency of need, reasonableness of request, geographic region, availability of alternative funding sources, and individual consideration of each application against eligibility criteria. The review process resulted in grantees representing client service populations in every county in the state.

The outbreak of the coronavirus has introduced unprecedented challenges across sectors, industries and individual households. Health care providers in Minnesota have been severely impacted by the crisis, facing the heartbreaking affect the disease has had on patients in their care, while struggling to meet the financial burden the pandemic has placed on their operations and practices. The COVID-19 grants eased some of this financial burden, however, it should be recognized that requests for support far exceeded available funds. MDH received 2,432 applications from providers, representing over \$1 billion in requests, but was only able to fund approximately 20% of the amount requested. In addition, many grantees expressed the need for support for expenses that fell outside the scope of this legislation.

According to statute, grant funds could be used for a variety of eligible uses, including:

- Establishment and operation of temporary sites to provide testing services, to provide treatment, or to isolate or quarantine affected individuals;
- Temporary conversion of space for another purpose that will revert to its original use;
- Staff overtime and hiring additional staff; staff training and orientation;
- Purchasing PPE or treatment supplies; developing and implementing screening and testing procedures
- Additional emergency transportation;
- Temporary IT or systems costs to support triage, screening and telemedicine;
- Replacement parts for medical equipment; specialty cleaning supplies;

- Expenses related to isolation or quarantine of staff (not salaries of quarantined/isolated staff); and
- Other expenses deemed necessary by the commissioner that could not reasonably be expected to generate income after the outbreak ends.

The highest priority budget categories requested and funded across both grant programs were additional staffing costs and supplies, including personal protective equipment.

Grant Program Overview

The \$200,000,000 appropriation of state funds was made available through two grant programs, the \$50 million Short Term Emergency Funding program and the \$150 million Health Care Response program. The application structure and review process were slightly different for each program.

- Short Term Emergency Funding:** Short Term Emergency Funds were dispensed rapidly to provide immediate emergency cash flow relief to health care organizations to help cover the highest priority needs identified in the first few weeks of the COVID–19 outbreak. The application and review cycle was fast-tracked, with applications accepted through March 25, 2020 and award announcements made on April 8, 2020. MDH received more than 1,300 Short Term Emergency grant applications requesting a total of \$339,821,472 in funds. Priority was given to ambulance and EMS organizations; federally qualified health clinics; hospitals and health systems, tribal health care, and assisted living facilities.
- Health Care Response Grants:** Health Care Response Grants were dispensed in waves to support the capacity of eligible organizations to plan for, prepare for and respond to COVID-19. The grant application remained open from April 15, 2020 through August 28, 2020. Grant applications were organized by provider type and reviewed weekly by teams of reviewers. Recommendations for grants over \$1 million were also reviewed, per statute, by the Legislative Advisory Commission (LAC) before being awarded. MDH received over 1,000 Health Care Response grant applications with requests totaling \$667,997,859 million.

Data provided in this report are for awards released prior to December 30, 2020. A final wave of grants is being processed; the data for these awards are unable to be included in this report due to timing. The pending awards total \$2,406,896, which became available when the award for one of the LAC-approved grants was reduced to account for changes in priorities for the grantee. Grantees were surveyed to identify those with additional need, and once the reduction was approved by the LAC, MDH moved forward to re-grant the funds to primarily smaller providers who had identified additional need and an ability to use the funds within the short time remaining in the legislatively defined expenditure period, which ends February 1, 2021. Priority was given to assisted living facilities and other health care providers facing COVID-19 outbreaks.

Table 1. Grant Program Snapshot

GRANT PROGRAM	Number of Applications	Number Awarded	Number Contracted*	Total Awarded*	Total Paid*
Short Term Emergency Funding	1,325	348	344	\$50,234,842	\$49,850,000
Health Care Response Grants	1,107	916	903	\$149,796,149	\$146,741,290
TOTAL	2,432	1,264	1,247	\$200,030,991	\$196,591,290

*Several grantees returned their award or had them rescinded for reasons such as changing need or administrative inability to manage the grant. Funds from returned or rescinded awards were re-granted when feasible, resulting in a total awarded amount greater than the actual amount paid. See Appendix A through D for a comprehensive list of award recipients that includes the grant award, amount paid, uses of funds and amounts spent for each use, if available at the time of this report.

Note: Data available through 12.30.2020; grantees will be submitting final reports after February 1, 2021.

Note: Administrative funds were made available through the Health Care Response program funds.

Grantee Profile

Eligibility

Eligible grantees for both the Short Term Emergency and the Health Care Response Grants were specified in the enabling legislation, and included:

- Ambulance services licensed under Chapter 144E
- Health care clinics
- Pharmacies
- Health care facilities or long-term care facilities, including but not limited to:
 - Hospitals
 - Nursing facilities
 - Assisted living facilities and services
 - Other
- Health systems

A snapshot of the number of grants by provider type is provided in Table 2 on the following page.

Geographic Distribution

Within the pool of eligible applicants, geographic distribution was a consideration, both to ensure support was given to those providers in areas most immediately affected by the COVID pandemic and to help providers be better prepared to respond when the pandemic impacted their area. Grant reviewers were connected to the daily COVID incidence reports to help ensure geographic distribution of grants based on outbreak information. In addition, grant reviewers also considered grantee service areas and awards to other providers within a given county or service area to assist in a coordinated response.

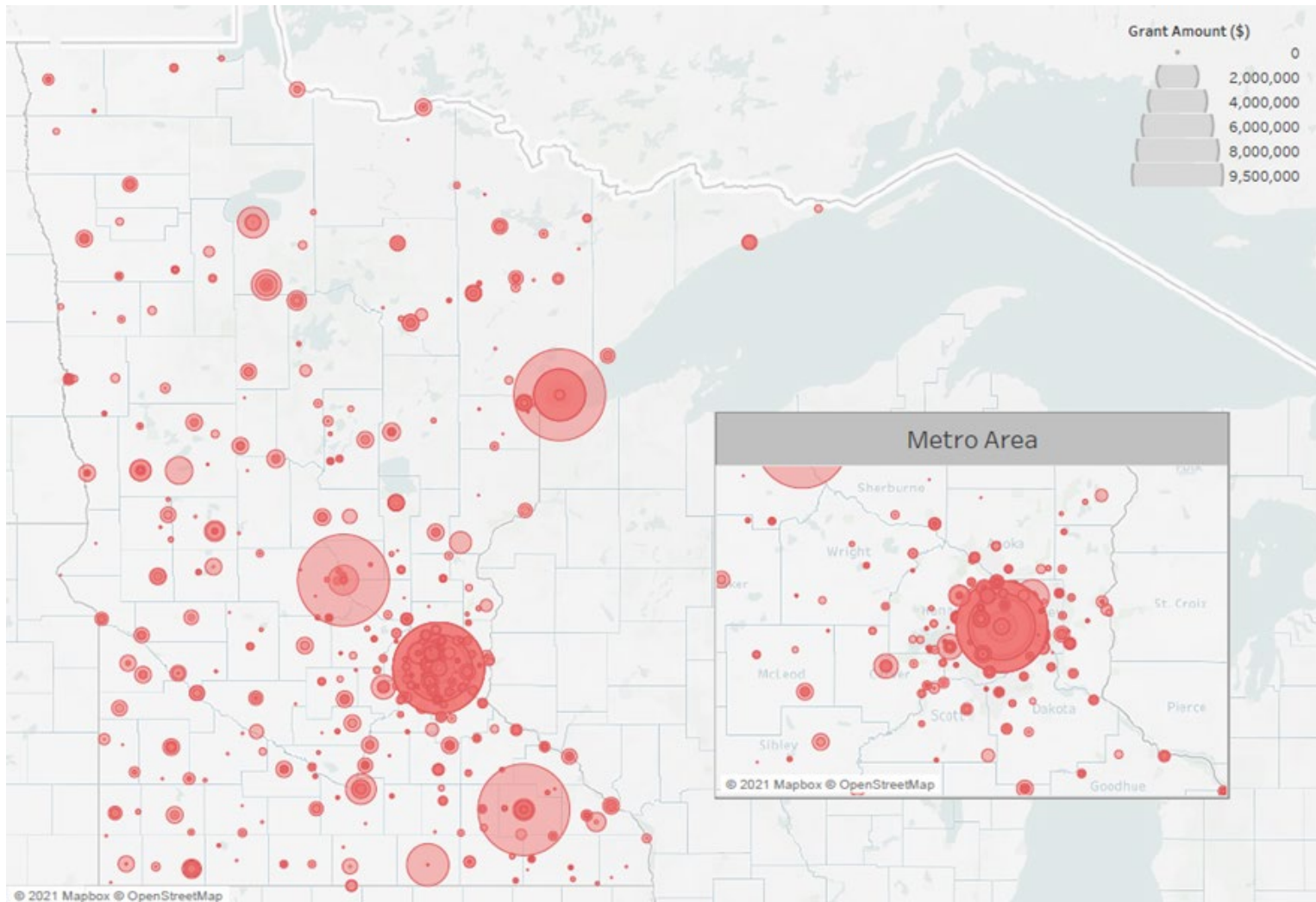
Figure 1 provides a visual representation of the awards by county, based on the address provided on grantee applications. Service areas tend to be broad, and the award list includes a provider in every county in Minnesota. Some systems made one application on behalf of multiple sites within their system that were in other parts of the state; this map would show their grant as having been received in their home county.

Table 2. Total Grantee Profile/Award Budget Category Distribution by Provider Type

Data through 12.30.2020

Column A	Number of Grants	Total Paid	Salaries	Supplies	Equipment	Construction	Other
Assisted Living/Nursing Facilities	516	\$27,538,423	\$16,578,928	\$8,687,328	\$671,379	\$807,451	\$793,337
Clinic	76	\$6,018,918	\$3,175,901	\$1,644,377	\$157,008	\$150,491	\$891,141
FQHC	14	\$1,785,991	\$1,197,480	\$283,509	\$32,196	\$41,500	\$231,306
Hospital/System	161	\$140,586,505	\$72,110,375	\$40,567,767	\$17,947,401	\$3,349,937	\$6,760,976
Pharmacy	21	\$917,180	\$601,058	\$194,403	\$-	\$41,422	\$80,297
Transport	127	\$4,490,880	\$2,132,990	\$1,752,457	\$539,206	\$13,455	\$52,722
Tribal Health	16	\$3,634,050	\$2,058,858	\$887,389	\$140,986	\$132,298	\$414,518
Other	316	\$11,619,343	\$6,445,382	\$3,958,426	\$176,344	\$302,630	\$735,961
TOTAL	1,247	\$196,591,290	\$104,300,972	\$57,975,657	\$19,664,520	\$4,839,183	\$9,960,257

Figure 1: Geographic Distribution of Grant Awards



Funded Activities

The eligible uses for the funds for both programs were specified in the legislation, and included*:

- Establishment and operation of temporary sites to provide testing services, to provide treatment, or to isolate or quarantine affected individuals
- Temporary conversion of space that will revert to its original use
- Staff overtime and hiring additional staff
- Staff training and orientation
- Purchasing personal protective equipment or treatment supplies
- Developing and implementing screening and testing procedures
- Additional emergency transportation
- Temporary IT or systems costs to support triage, screening and telemedicine
- Replacement parts for medical equipment
- Specialty cleaning supplies
- Expenses related to isolation or quarantine of staff (cannot pay salaries of quarantined/isolated staff)
- Other expenses deemed necessary by the commissioner that cannot reasonably be expected to generate income after the outbreak ends.

*The legislation also allowed the commissioner to use the funds to support temporary health care sites, if no eligible provider was reasonably able to do so, but this provision was not needed.

Awards for the Short Term Emergency program grants were approved in up to eight budget categories that included salary and fringe; supplies; testing; construction; equipment; temporary information technology, transportation; and other. Awards for the Health Care Response program were approved in up to 21 budget categories that rolled up into five main categories of salaries and fringe; supplies; equipment; construction; and other. As a result, grantee reported expenses are generally able to be analyzed by those sub-categories within the main categories.

A summary of grantee reported data, through Oct. 30, 2020 is provided in Table 3 on the following page.

Appendices attached to this report provide a comprehensive list of all grantees, including the name of the recipient, their grant amount, uses of grant funds, and amount spent for each use, through the last reporting period.

- **Short Term Emergency Grant:**
 - **Appendix A.** List of Grantees grant awards with amount paid on the award, and the uses of grant funds defined by approved grant budget.
 - **Appendix B.** List of grantees with grantee reported spending from August 30 and October 30 financial reporting.
- **Health Care Response Grants:**
 - **Appendix C.** List of Grantees grant awards with amount paid on the award, and the uses of grant funds defined by approved grant budget.
 - **Appendix D.** List of grantees with grantee reported spending from August 30 and October 30 financial reporting.

Table 3. Total Grantee Reported Expenses by Provider Type

Data provided is from most recently available grantee financial statements provided on August 30, 2020 and October 30, 2020.

Column A	Total Reported	Salaries	Supplies	Equipment	Construction	Other
Assisted Living	\$20,519,941	\$14,850,244	\$4,840,179	\$239,775	\$249,905	\$339,838
Clinic	\$3,664,687	\$2,267,642	\$700,474	\$58,369	\$67,680	\$570,523
FQHC	\$2,040,836	\$1,543,463	\$232,663	\$27,565	\$32,115	\$205,031
Hospital/System	\$93,489,647	\$50,887,750	\$26,170,287	\$6,790,771	\$5,332,312	\$4,308,527
Pharmacy	\$637,959	\$369,451	\$217,882	\$-	\$15,271	\$35,355
Transport	\$4,927,501	\$3,444,259	\$1,115,378	\$338,350	\$10,009	\$19,506
Tribal Health	\$991,543	\$605,009	\$283,093	\$31,718	\$21,917	\$49,804
Other	\$7,736,165	\$5,410,207	\$1,720,300	\$48,562	\$38,358	\$518,739
TOTAL	\$134,008,278	\$79,378,026	\$35,280,254	\$7,535,108	\$5,767,568	\$6,047,322

Legislative Advisory Commission Review

The Legislative Advisory Commission (LAC) reviewed all Health Care Response grant awards paid with State funds exceeding \$1,000,000, as required in the authorizing legislation. There were 16 Health Care Response grant awards above \$1 million, made to 14 health providers and systems in Minnesota, that were reviewed and approved by the LAC. A list of the awards reviewed by the LAC is provided in Table 4.

In addition, nine awards over \$1 million were made through the Short Term Emergency program, and one award for over \$1 million was made with Federal Coronavirus Relief Funds and did not receive LAC review.* Together with the awards reviewed by the LAC, the awards over \$1 million totaled \$115,577,059, representing 58% of the total \$200 million in funds. A list of all awards over \$1 million, including recipient, total of awards, and uses of funds is provided in Table 5 and Table 6.

* Laws of 2020, Special Session 5, Chapter 3, Article 9, Section 12 requested that MMB identify \$10 million in general funds that could be replaced with federal Coronavirus Relief Funds (CRF). MMB and MDH were able to identify \$10 million in COVID grant awards that met federal CRF requirements, and substituted CRF funds for the general fund; MMB determined that Chapter 70 specified LAC review of grants over \$1 million made with state general fund dollars.

Conclusion

The COVID-19 grant programs demonstrated the best of Minnesota government. In the face of a global pandemic, the Governor and Legislature acted quickly and meaningfully to provide resources to stressed health care providers across the state. The Minnesota Department of Health worked hard to strike a balance between the urgency of immediate fund distribution and management of the largest grant program, in dollar amount and number of grants, the agency has ever had to stand up at one time. The programs were implemented in record time, with work beginning mere hours after the bill's passage even as state employees were being sent home to work remotely. Applications for funding were being submitted by anxious providers while the situation on the ground was constantly changing. Federal funding would become available, but not until after most of the Emergency Fund grants were already under consideration or awarded. The evolving nature of the pandemic created needs for different provider types in different parts of the state at different times and amplified the challenge of only being able to provide partial funding for requests that far exceed available funding.

This report represents award data current as of January 12, 2021, and does not include details on the last wave of grants being funded this month. Expenditure information reflects grantee reporting through the end of October 2020. By statute, the expenditure end date for grantees is February 1, 2021, and reconciliation of all grants will continue until reporting is complete. Updates will be posted on the MDH Office of Rural Health and Primary Care website.

The pandemic has created many new challenges, and exacerbated fractures and gaps in our health care delivery and payment systems that have long evaded simple solutions. These grant programs have allowed us, once again, to see individuals, organizations and communities all around the state come together to support the important work of health care and public health.

Table 4. Legislative Advisory Commission Grant Awards

Data through 12.30.2020

System/Parent Company	Awarded	Total Funding Paid	Salaries	Supplies	Equipment	Construction	Other
Allina Health System	\$9,500,000	\$9,500,000	\$9,500,000	\$0	\$0	\$0	\$0
CentraCare Health System	\$9,500,000	\$9,500,000	\$3,046,583	\$6,453,417	\$0	\$0	\$0
Children's Health Care	\$3,000,000	\$3,000,000	\$0	\$2,550,000	\$450,000	\$0	\$0
Ecumen	\$1,294,719	\$1,294,719	\$646,000	\$639,119	\$0	\$0	\$9,600
Essentia Health	\$9,500,000	\$9,500,000	\$1,749,105	\$3,016,192	\$2,808,113	\$622,256	\$1,304,334
Fairview Health Services	\$9,500,000	\$9,500,000	\$9,000,000	\$500,000	\$0	\$0	\$0
HealthPartners	\$9,500,000	\$9,500,000	\$9,500,000	\$0	\$0	\$0	\$0
Hennepin Healthcare System	\$9,500,000	\$9,500,000	\$5,152,043	\$3,118,239	\$1,066,153	\$0	\$163,565
Mayo Clinic Health System	\$12,540,000	\$12,540,000	\$6,169,000	\$4,685,000	\$0	\$619,000	\$1,067,000
North Memorial Health	\$3,000,000	\$3,000,000	\$2,000,000	\$1,000,000	\$0	\$0	\$0
Red Lake Health Services	\$1,065,000	\$1,065,000	\$975,000	\$90,000	\$0	\$0	\$0
Sanford Health Network	\$1,000,000	\$1,000,000	\$252,935	\$87,000	\$0	\$222,500	\$437,565
St. Luke's Hospital of Duluth	\$3,000,000	\$3,000,000	\$2,000,000	\$900,000	\$100,000	\$0	\$0
University of Minnesota Physicians	\$8,105,000	\$5,374,964	\$2,319,964	\$2,055,000	\$1,000,000	\$0	\$0
TOTAL AWARDS	\$90,004,719	\$87,274,683	\$52,310,630	\$25,093,967	\$5,424,266	\$1,463,756	\$2,982,064

Table 5. Grant Awards Over \$1 million by Grant Program

Data through 12.30.2020

System/Parent Company	# of awards	Emergency Grants Awarded	Emergency Grant Paid	Health Care Response Awarded	Health Care Response Paid	Total Paid/ Contracted
Allina Health System	2	\$3,500,000	\$3,500,000	\$9,500,000	\$9,500,000	\$13,000,000
CentraCare Health System	2	\$1,000,000	\$1,000,000	\$9,500,000	\$9,500,000	\$10,500,000
Children's Health Care	2	\$1,000,000	\$1,000,000	\$3,000,000	\$3,000,000	\$4,000,000
Ecumen	1	\$0	\$0	\$1,294,719	\$1,294,719	\$1,294,719
Essentia Health	2	\$3,000,000	\$3,000,000	\$9,500,000	\$9,500,000	\$12,500,000
Fairview Health Services	2	\$5,000,000	\$5,000,000	\$9,500,000	\$9,500,000	\$14,500,000
HealthPartners	2	\$4,000,000	\$4,000,000	\$9,500,000	\$9,500,000	\$13,500,000
Hennepin Healthcare System	2	\$5,000,000	\$5,000,000	\$9,500,000	\$9,500,000	\$14,500,000
Mayo Clinic Health System	3	\$0	\$0	\$12,540,000	\$12,540,000	\$12,540,000
North Memorial Health Care	3	\$1,650,000	\$1,500,000	\$4,302,376	\$4,302,376	\$5,952,376
Red Lake Health Services	1	\$0	\$0	\$1,065,000	\$1,065,000	\$1,065,000
Sanford Health Network	1	\$0	\$0	\$1,000,000	\$1,000,000	\$1,000,000
St. Luke's Hospital of Duluth	2	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$6,000,000
University of Minnesota Physicians	1	\$0	\$0	\$8,105,000	\$5,374,964	\$5,374,964
TOTAL AWARDS	26	\$27,150,000	\$27,000,000	\$91,307,095	\$88,577,059	\$115,577,059

Table 6. Grant Awards Over \$1 million by Budget Category

Data through 12.30.2020

System/Parent Company	# of awards	Total Funding Paid	Salaries	Supplies	Equipment	Construction	Other
Allina Health System	2	\$13,000,000	\$9,500,000	\$0	\$2,950,000	130,000	\$420,000
CentraCare Health System	2	\$10,500,000	\$3,046,583	\$7,453,417	\$0	\$0	\$0
Children's Health Care	2	\$4,000,000	\$1,000,000	\$2,550,000	\$450,000	\$0	\$0
Ecumen	1	\$1,294,719	\$646,000	\$639,119	\$0	\$0	\$9,600
Essentia Health	2	\$12,500,000	\$1,749,105	\$3,706,192	\$3,798,113	\$957,256	\$2,289,334
Fairview Health Services	2	\$14,500,000	\$9,000,000	\$5,500,000	\$0	\$0	\$0
HealthPartners	2	\$13,500,000	\$11,380,000	\$2,120,000	\$0	\$0	\$0
Hennepin Healthcare System	2	\$14,500,000	\$8,567,354	\$3,333,459	\$1,930,376	\$12,500	\$656,310
Mayo Clinic Health System	3	\$12,540,000	\$6,169,000	\$4,685,000	\$0	\$619,000	\$1,067,000
North Memorial Health Care	3	\$5,802,376	\$2,733,344	\$1,484,474	\$1,181,198	\$403,360	\$150,000
Red Lake Health Services	1	\$1,065,000	\$975,000	\$90,000	\$0	\$0	\$0
Sanford Health Network	1	\$1,000,000	\$252,935	\$87,000	\$0	\$222,500	\$437,565
St. Luke's Hospital of Duluth	2	\$6,000,000	\$3,000,000	\$1,200,000	\$1,800,000	\$0	\$0
University of Minnesota Physicians	1	\$5,374,964	\$2,319,964	\$2,055,000	\$1,000,000	\$0	\$0
TOTAL AWARDS	26	\$115,577,059	\$60,339,285	\$34,903,661	\$13,109,687	\$2,194,616	\$5,029,809

Appendices

1. Appendix A. Short Term Emergency Grant Awards with Budget Categories
2. Appendix B: Interim Report: Short Term Emergency Grant Fund - Grantee Reported spending as of October 30, 2020
3. Appendix C. Health Care Response Award List with Budget Categories
4. Appendix D: Interim Report - Health Care Response Grantee Spending Reported as of October 30, 2020