



FEMA

October 5, 2022

The Honorable Alex Padilla
Member, United States Senate
112 Hart Senate Office Building
Washington, DC 20510

Dear Senator Padilla:

Thank you for your recent letter to FEMA Administrator Deane Criswell regarding the pace at which FEMA is reimbursing hospitals and schools in California for their COVID-19 related expenses. I appreciate the opportunity to respond to your letter.

On March 22, 2020, President Donald Trump declared a Major Disaster for California for the COVID-19 pandemic. This declaration authorized FEMA to provide funding to impacted communities to help reimburse them for their COVID-19 related response activities. Funding is provided through FEMA's Public Assistance (PA) program. In California, FEMA has provided over \$128 million to private nonprofit hospitals for their COVID-19 related expenses. Additionally, FEMA has also provided over \$358 million to the Los Angeles Unified School District (LAUSD). While this is a significant amount, there are still many more projects that are still being funded.

There are several considerations that impact the reimbursement rate for hospitals, school districts and other PA applicants. First and principally, FEMA wants to ensure when it provides funding to an applicant, its eligibility determinations are accurate and comprehensively reviewed. FEMA wants all PA applicants to receive the maximum amount of eligible funding they are entitled. However, FEMA does not want to require a PA applicant to return this funding several years later should an audit occur and an eligibility error is discovered.

By law, FEMA is prohibited from duplicating benefits (DOB). This means that if a hospital, school district or other PA applicant receives funding from other sources (i.e., Insurance or donations), FEMA will not be permitted to reimburse them for that expense. FEMA has asked hospitals to provide their methodology that demonstrate how they account for and ensure that a DOB has not occurred. Currently, FEMA headquarters is finalizing a standard operating procedure which will allow FEMA to assess hospital's DOB methodologies and apply outcomes consistently. The standard operating procedure is scheduled to be finalized shortly. Once finalized, FEMA will be able to finish its review of hospital's DOB methodologies, determine project specific impacts and complete their reimbursement.

In the interim, there is a process by which FEMA can expedite up to 50% of a PA applicant's eligible expenses. This procedure is referred to as the expedited funding process. Last month, FEMA partnered with the California Hospital Association (CHA) to explain the expedited process to California hospitals during a CHA-hosted webinar for its members. During this webinar, FEMA staff described the expedited funding process and answered questions related to the process.

An additional consideration FEMA takes into account while reviewing PA projects is whether an applicant has the legal responsibility to provide the service or action for which they are seeking reimbursement. For example, if a school district provided testing services to the general public, they may not be eligible for reimbursement for that service because they did not have the legal responsibility to provide testing to the general public. Their testing responsibility is limited to students and faculty, as is the case with LAUSD.

I share your concerns for swift reimbursement of eligible COVID-19 expenses. FEMA wants to ensure when a PA applicant receives funding, it can be confident their project is eligible and minimize the potential of having to return funds later. In some cases, this requires more time to complete our review.

Thank you again for your letter. Should you have any questions, please feel free to contact me at (510) 627-7100 or have a member of your staff contact Mr. Casey De Shong, Congressional Liaison, at (510) 627-7785.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. J. Fenton', with a stylized flourish at the end.

Robert J. Fenton
Regional Administrator