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Health Law Weekly

Immediate Federal Funds Available for Health Centers Under the American Rescue Plan

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Health centers funded under the federal Health Center Program, including Federally Qualified Health Centers (FQHCs), qualify for two different categories of federal funding: (1) funds for immediate cash needs to respond to the COVID-19 pandemic; and (2) funds to enhance health care services and infrastructure. To receive such funding, health centers must submit application materials by *May 31, 2021*.

Overview

On March 11, 2021, the Biden administration signed the American Rescue Plan Act (ARP) into law. The ARP allocated over \$6 billion for the Health Resources & Services Administration (HRSA) to distribute to health centers funded under the Health Center Program (hereafter referred to as “health centers”). In response, the HRSA distributed one-time funding (ARP funding) to health centers to cover expenses incurred from April 1, 2021 to March 31, 2023 to (1) prevent, mitigate, and respond to the coronavirus disease 2019 (COVID-19) pandemic and to (2) enhance their health care services and infrastructure. Health centers may also use ARP funding to reimburse costs from January 31, 2020 forward.

Health centers should be mindful of the following requirements before using ARP funding:

1. **Initial Use of ARP Funding.** When a health center may begin to use ARP funding depends on whether or not the health center intends to use the funding to respond to immediate COVID-19-related needs.

2. **Eligible Expenses.** Regardless of whether or not a health center intends to use ARP funding to respond to the COVID-19 pandemic, health centers may only use ARP funding to cover certain eligible expenses.
3. **Scope of Project.** Each health center has a HRSA-approved “Scope of Project,” which lays out a health center’s approved service sites, services, providers, service area(s), and target population(s). The use of ARP funding must fit within a health center’s Scope of Project. Health centers may adjust their Scope of Project in order to utilize ARP funding.
4. **Application.** Regardless of whether or not a health center intends to use the ARP funding to respond to the COVID-19 pandemic, Health Centers must submit an ARP Application.

Initial Use of ARP Funding

Typically, if a health center wishes to use to ARP funding, then the health center should submit its ARP Application by May 31, 2021 and wait until HRSA approves such application before using any distributed funds. Health centers that are unable to make the May 31 deadline may request an extension from their HRSA-assigned first point-of-contact for grant related questions, otherwise referred to as a HRSA Project Officer. Health centers may find the name and contact information of their assigned Project Officer on their ARP Notice of Award.

HRSA also permits health centers to use ARP funding immediately if the health center uses the funding for immediate cash needs to prepare for, promote, distribute, administer, and track COVID-19 vaccines, or for activities necessary to mitigate the spread of COVID-19.

Note, health centers that use ARP funding for this purpose must still submit an ARP Application by May 31, 2021. Health centers that use ARP funding before submitting an ARP Application may be required to return such funding if HRSA believes funding was not used according to its guidelines. However, HRSA has not made clear how it will address such situations, including if any penalties will be applied.

Eligible Expenses

Regardless of whether health centers use funding to cover immediate COVID-19-related expenses or to cover other health care services and infrastructure expenses, ARP funding may only be used for the following six purposes:

1. To plan, prepare for, promote, distribute, administer, and track COVID-19 vaccines, and carry out other vaccine-related activities;
2. To detect, diagnose, trace, and monitor COVID-19 infections and related activities necessary to mitigate the spread of COVID-19, including activities related to, and equipment or supplies purchased for, testing, contact tracing, surveillance, mitigation, and treatment of COVID-19;
3. To purchase equipment and supplies to conduct mobile testing or vaccinations for COVID-19, to purchase and maintain mobile vehicles and equipment to conduct such testing or vaccinations, and to hire and train laboratory personnel and other staff to conduct such mobile testing or vaccinations, particularly in medically underserved areas;
4. To establish, expand, and sustain the health care workforce to prevent, prepare for, and respond to COVID-19, and to carry out other health care workforce-related activities;
5. To modify, enhance, and expand health care services and infrastructure; and/or
6. To conduct community outreach and education activities related to COVID-19.

Confirm Expensed Activities Are Consistent with Health Center Program Scope of Project

Any activity that a health center wishes to expense using ARP funding must be consistent with the health center’s Health Center Program (H80) scope of project. If a health center intends to use ARP funding to cover costs for a new service, service delivery method, or service delivery site or location not mentioned in the H80 grant folder, then the health center must request HRSA to approve a change in its project scope.

Health centers can find more information on securing such approval [here](#). If an approval for a change in scope is needed, HRSA does not require submission prior to the health center’s submission of the ARP Application.

Application Components

A complete ARP Application must include the following six categories of information:

1. SF-424A Budget Information Form;
2. Budget Narrative;
3. Federal Object Class Categories Form;
4. Project Overview Form;
5. Equipment List Forms (this form only applies if a health center is using ARP funding to cover the cost of Equipment; Equipment refers to tangible personal property (including information technology systems)); and
6. Minor Alteration and Renovation (A/R) Information (this form only applies if a health center is using ARP funding to cover the cost of minor alterations and renovations; minor A/R includes work required to modernize, improve, and/or reconfigure the interior arrangements or other physical characteristics of a facility).

Health centers that wish to use ARP funding should contact their Project Officer and/or seek regulatory counsel for further assistance.

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