



PANDEMIC RECOVERY OFFICE

Health Care Facilities: For-profit Hospital Assistance

Submitted by State of Rhode Island Pandemic Recovery Office

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Health Care Facilities: For-profit Hospital Assistance

Project Identification Number: 10042

Pandemic Recovery Office Approval Date: November 15, 2022

Project Completion Date: September 30, 2023

Funding Amount: \$4,515,113¹

Project Expenditure Category: 2.36 Negative Economic Impacts: Aid to Other Impacted Industries

Problem Statement: Since March 2021, Roger Williams Medical Center (RWMC) and Our Lady of Fatima Hospital (OLF) incurred \$3,006,884 in non-contracted labor-related COVID-19 expenses. This amount includes additional staff, personal protective equipment, test kits, cleaning supplies, etc. Unlike nonprofit hospitals, for-profit hospitals were not eligible for Federal Emergency Management Agency (FEMA) reimbursement for their COVID-19-related expenses.²

Additionally, RWMC and OLF experienced higher contract labor costs from federal Fiscal Year (FFY) 2019 to FFY 2022. In FFY 2019, contract labor costs were \$698,642, and in FFY 2022 they were \$9,461,545. The Assistant Secretary for Planning and Evaluation at the U.S. Department of Health and Human Services outlined the fiscal challenges for hospitals utilizing travel nurses in a May 2022 report. “Hospitals responding to the 2021 [Office of the Inspector General] OIG survey reported facing increased labor market competition from staffing agencies, particularly for nurses and that they were unable to compete with the salaries being provided through staffing agencies,” the report said.³

Project Overview: To alleviate the financial hardship of the pandemic, the Rhode Island Department of Administration (DOA) distributed grants to both for-profit hospitals in accordance with a formula provided by the Rhode Island General Assembly. Each for-profit hospital received a base \$1 million payment in addition to a pro rata share of the remaining total appropriation of \$45 million based on the hospitals’ operating costs from their 2021 Medicare cost reports relative to the aggregate operating costs of all hospitals – both nonprofit and for profit – from all 2021 Medicare cost reports.

Financial Overview: All program payments can be found on the [Pandemic Recovery Office’s website](#) by filtering the “Project” box for “Health Care Facilities: For-profit Hospital Assistance.” The table below shows planned expenditures by fiscal quarter and actual expenditures by fiscal quarter:

¹ The total appropriation for the State Fiscal Recovery Fund Health Care Facilities Hospital Assistance project was \$45 million. This figure is the amount of the \$45 million appropriation that was allocated to the state’s two for-profit hospitals.

² [Coronavirus \(COVID-19\) Pandemic: Private Nonprofit Organizations](#)

³ [Impact of the COVID-19 Pandemic on the Hospital and Outpatient Clinician Workforce](#)

Health Care Facilities: For-profit Hospital Assistance Final Report

| Fiscal Year Quarter | Planned Expenditures | Actual Expenditures |
|---------------------|----------------------|---------------------|
| FY 2023 Q2 | \$4,515,113 | \$4,513,757 |
| FY 2023 Q3 | - | \$1,356 |
| Total | \$4,515,113 | \$4,515,113 |

Note: A single audit fee applies to all State Fiscal Recovery Fund projects and accounts for \$1,356 of the funds shown in the above table.

The figure above is only the share of the total \$45 million appropriation for all hospitals, both nonprofit and for-profit, that was allocated to for-profit hospitals.

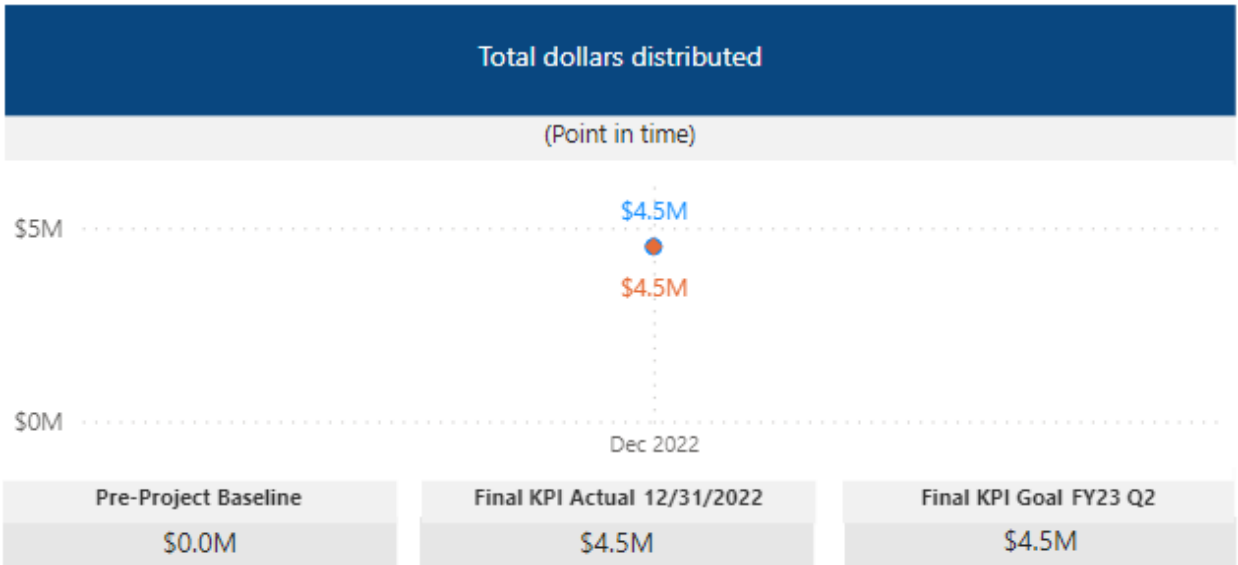
Key Performance Indicators: The following are the key performance indicators based on quarterly goals and monthly data collections.

Legend: ● Actual KPI Value Reported ◆ Quarterly Goals

1. Number of for-profit hospitals served

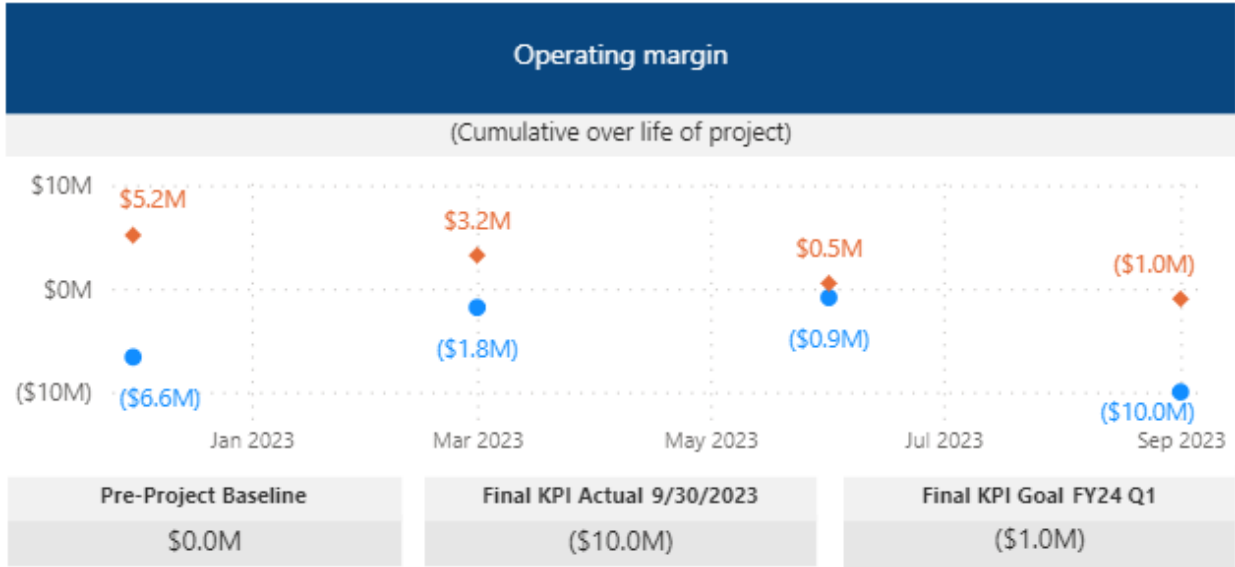


2. Total dollars distributed





3. Operating margin



Auxiliary Information: The map below shows the distribution of grant payments.

For-Profit Hospital Assistance by Municipality



| Payee | Municipality | Sum of Amount |
|-------------------------------|------------------|-----------------------|
| ROGER WILLIAMS MEDICAL CENTER | PROVIDENCE | \$2,408,163.53 |
| OUR LADY OF FATIMA HOSPITAL | NORTH PROVIDENCE | \$2,105,593.37 |
| Total | | \$4,513,756.90 |