

COVID-19 RELIEF AND THE PUBLIC HEALTH AND SOCIAL SERVICES EMERGENCY FUND

INTRODUCTION

Late last night, the Senate passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act ([H.R. 748](#)), a \$2.2 trillion package that includes over \$120 billion in funding for frontline providers, drug development, manufacturing capability, and more under the Public Health and Social Services Emergency Fund (PHSSEF). This follows the first COVID-19 response bill, which provided up to \$3.4 billion for the PHSSEF.

The PHSSEF is a discretionary fund under the Office of the Secretary at the Department of Health and Human Services (HHS) that largely goes to financing projects at various HHS agencies outside of their base funding allocations. The bill provides significant funding that may be accessed by the private sector through grants and other funding mechanisms intended to boost medical surge capacity, manufacturing capacity, and research and development initiatives. \$100 billion is made available for hospitals and other medical providers providing COVID-19 care who have lost revenues or incurred expenses due to the emergency. Additionally, the bill provides \$250 million for the Hospital Preparedness Program. Other PHSSEF funds made available in the bill will go to reimburse the Health Resources and Services Administration (HRSA) for expenses related to COVID-19, including rural health initiatives.

PUBLIC HEALTH AND SOCIAL SERVICES EMERGENCY FUND

The PHSSEF, not to be confused with the Public Health Emergency Fund, supports biodefense, disaster response, and information security across HHS, including the Biomedical Advanced Research and Development Authority (BARDA), the Strategic National Stockpile, the National Disaster Medical System, and the Hospital Preparedness Program. It also supports preparation and response for pandemic influenza. Programs supported by PHSSEF are largely directed by the Assistant Secretary for Preparedness and Response (ASPR), with some exceptions.¹ The PHSSEF does not have an authority in law and is used to separate appropriations for projects from agencies' base appropriations.²

¹ <https://www.hhs.gov/sites/default/files/fy-2021-budget-in-brief.pdf>

² <https://crsreports.congress.gov/product/pdf/RL/RL33579>

BARDA, which draws funding from the PHSSEF, commonly uses Other Transaction Authority (OTA) agreements to fund initiatives in the private sector.³

The Hospital Preparedness Program, which draws funding from the PHSSEF, provides grants to state and local governments for preparation for public health emergencies in the U.S. Hospitals may be sub-grantees.^{4,5}

CORONAVIRUS I

In the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 ([H.R. 6074](#)), Congress appropriated two separate sums for the PHSSEF. One is available immediately, and the other is available on an emergency basis. The two appropriations are as follows:

- **Immediately Available** — \$3.1 billion for the development of countermeasures; supporting manufacturing technologies for such countermeasures with U.S.-based capabilities; purchasing vaccines, therapeutics and diagnostics; purchasing medical surge capacity; developing enhancements to manufacturing platforms; grants for the construction, alteration, or renovation of non-federally owned facilities for the production of vaccines, therapeutics, and diagnostics as determined as necessary by the Secretary. Of this, \$100 million was made available for grants under the Health Centers Program as administered by the Health Resources and Services Administration (HRSA).
- **Reserve Amount** — \$300 million for purchasing vaccines, therapeutics, and diagnostics if necessary. The HHS Secretary would need to certify to the two Appropriations Committees that the funding is necessary for it to be released.

Previous bills have provided for grants to bolster state and local public health capabilities, including the construction, alteration, and renovation of non-federally owned facilities (for instance: [H.R. 5325 \(114\)](#), the Continuing Appropriations and Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2017, and Zika Response and Preparedness Act). However, a thorough but non-exhaustive look at legislation passed into law yielded no language similar to that in H.R. 6074 giving the Secretary the authority to make grants for the construction, alteration, and renovation of non-federally owned facilities, seemingly without the restriction that the grants go to state and local entities and opening eligibility up to private entities.

CORONAVIRUS III

In the Senate-passed third COVID-19 package, there are a number of expansions on funding provided in the first package as well as new funding targets. This package repeats much of the language in H.R. 6074 regarding the ability to provide funding to construct or improve non-federally owned facilities.

³ <https://www.phe.gov/about/amcg/otar/Pages/default.aspx>

⁴ <https://www.phe.gov/Preparedness/planning/hpp/Pages/about-hpp.aspx>

⁵ <https://www.grants.gov/web/grants/view-opportunity.html?oppId=290860>

Funding outlined in the bill may be used for boosting medical surge capacity, improving manufacturing capabilities, and purchasing vaccines, therapeutics, and diagnostics in sufficient quantities to meet public health needs.

Public Health and Social Services Emergency Fund

Provision	Senate-Passed Coronavirus III
Total Funding	<p>BOTTOM LINE: \$127,289,500,000 in three separate appropriations:</p> <ul style="list-style-type: none"> • \$27,014,500,000 in general. • \$275,000,000 for HRSA programs. May be used to restore amounts spent prior to enactment. • \$100,000,000,000 available for reimbursements through grants or other mechanisms, for public entities, nonprofits, and Medicare and Medicaid providers including for-profits for health care related expenses or lost revenues attributable to COVID-19.
General	<p>\$27,014,500,000 for development of necessary countermeasures and vaccines, prioritizing platform-based technologies with U.S.-based manufacturing capabilities, the purchase of vaccines, therapeutics, diagnostics, necessary medical supplies, medical surge capacity and related administrative activities, the blood supply chain, workforce modernization, telehealth access and infrastructure, initial advanced manufacturing, novel dispensing, enhancements to the U.S. Commissioned Corps, and other preparedness and response activities.</p>
Manufacturing	<p>Funds may be used to develop and demonstrate innovations and enhancements to manufacturing platforms to support capabilities.</p>
Vaccine, Therapeutic, and Diagnostic Purchasing	<p>The Secretary shall purchase sufficient quantities of vaccines developed using funds made available under this legislation in sufficient quantities to address the public health need. Additionally, any products including vaccines, diagnostics, and therapeutics shall be purchased at fair and reasonable pricing. The Secretary may take measures to make items developed with these funds affordable in the commercial market. Funds may be used for the Covered Countermeasure Process Fund. Not more than \$16 billion is allocated for procurements of countermeasures for the strategic national stockpile.</p>
State and Local Facilities	<p>Appropriated funds may be used for grants for construction, alteration, or renovation of non-federally owned facilities to improve preparedness and response capability at the state and local level.</p>
Hospital Preparedness Program	<p>Not less than \$250 million is available for grants or cooperative agreements with grantees or sub-grantees of the Hospital Preparedness Program.</p>
BARDA	<p>Not less than \$3.5 billion for BARDA, including necessary expenses of manufacturing, production, and purchase at the discretion of the Secretary.</p>

Provision	Senate-Passed Coronavirus III
Manufacturing	<p>Funds under full heading may be used for the construction, alteration, or renovation of non-federally owned facilities for the production of vaccines, therapeutics, and diagnostics.</p> <p>BARDA funds may be used for the construction or renovation of U.S.-based next generation manufacturing facilities not owned by the United States Government.</p>
VA	Funding may be used to reimburse VA for preventing, preparing for, and responding to COVID-19 for individuals not otherwise eligible for care.
Quarantined Individuals	Up to \$289 million may be transferred as necessary to other federal agencies for expenses related to individuals eligible for treatment due to being under a legal quarantine order or in the custody of the Immigration and Naturalization Service.
Supply Chain Report	\$1.5 million for a report with the National Academies on the security of the U.S. medical product supply chain.
HRSA	\$275 million for HRSA, including \$90 million for Ryan White, \$5 million for Health Care Systems at HRSA, and \$180 million for the Rural Health program at HRSA, including for telehealth and other rural health activities. May be used to restore amounts spent prior to enactment.
Reimbursement	<p>\$100,000,000,000 to reimburse, through grants or other mechanisms, health care providers for health care expenses or lost revenues attributable to COVID-19.</p> <p>No process is outlined for accessing the funds, other than that the funding will be approved and distributed on a rolling basis and that applications must include a statement of need. It is likely that HHS will issue a notice and a grant application with instructions for how eligible providers may access funds. While the funds have been commonly referred to as being for hospitals, the actual scope of eligible providers is much wider. Under the language, any public entity, Medicare- or Medicaid-enrolled supplier or provider, or for-profit or not-for-profit entity specified by the Secretary that provides diagnoses, testing, or care for individuals with possible or actual cases of COVID-19 is eligible for this funding.</p> <p>None of the funds may be used for costs that have already been reimbursed or are eligible for reimbursement from other sources.</p>

Unobligated Funds Under Total Supplemental Appropriation

	Senate Proposal
Total PHSSEF Appropriation	\$127,289,500,000
As-of-yet Unobligated	\$6,974,000,000