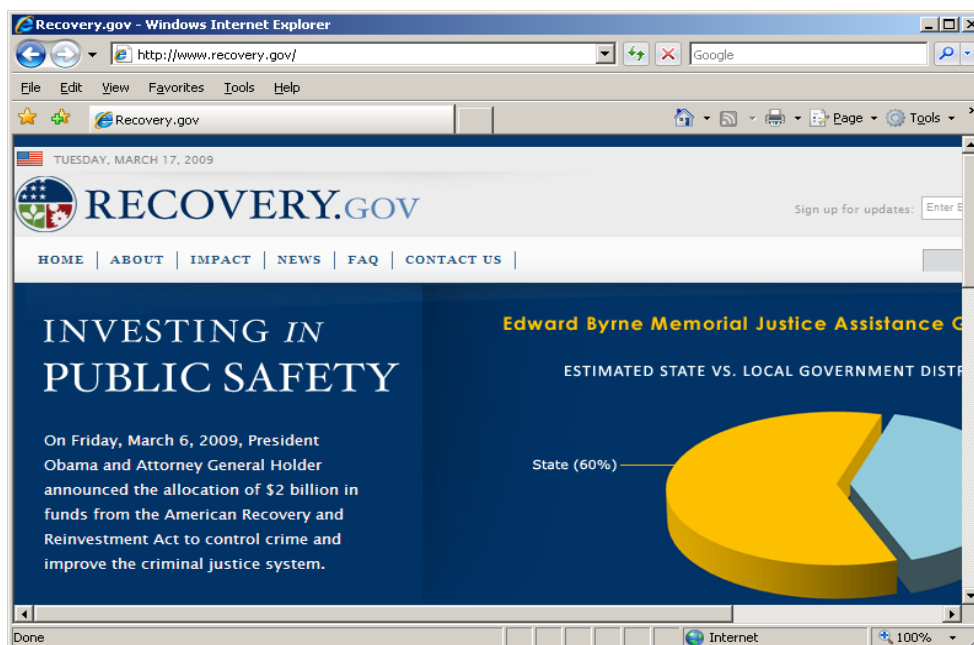


March 18, 2009

THE AMERICAN RECOVERY AND REINVESTMENT ACT: ADDITIONAL PROVISIONS OF INTEREST TO HOSPITALS

On February 17, President Obama signed into law the *American Recovery and Reinvestment Act of 2009* (the Recovery Act). The \$787 billion legislation includes measures to preserve and improve health care, modernize infrastructure, enhance energy independence, expand educational opportunities, and provide tax relief. While several of these provisions are directed at hospitals, other provisions not specifically aimed at hospitals also may present funding opportunities.

The attached document, prepared for the AHA by Hogan & Hartson, L.L.P. (<http://www.hhlaw.com>), describes some of the funding opportunities, other than Medicare and Medicaid information technology incentive payments, that may be available to hospitals. (For more on the health IT provisions, visit <http://www.aha.org/aha/advisory/2009/090220-legislative-adv.pdf>.) To the extent they have been made public, the document includes information about eligibility and application requirements. The attached document also provides links to various government Web sites with information about how to apply for funds, or Web sites where federal agencies will post information about the funding opportunities once they are established. Many agencies are still in the process of determining how they will distribute the funds they have received and, in some cases, have to provide reports to Congress regarding their plans before any distributions may begin. However, agencies are likely to move quickly as they begin to implement programs and distribute funds; these Web sites will have the most up-to-date information. For health-specific information, visit <http://www.hhs.gov/recovery/>. The government also has established a general Web site, <http://www.recovery.gov>, that can be used to track information about Recovery Act activity across agencies as it becomes available.



Please contact the AHA at 1 (800) 424-4301 with questions about this advisory. For questions about specific provisions, you may want to contact <http://www.hhlaw.com>.

March 18, 2009

THE AMERICAN RECOVERY AND REINVESTMENT ACT: ADDITIONAL PROVISIONS OF INTEREST TO HOSPITALS

Table of Contents

<i>Division A, Title I – Agriculture, Rural Development, Food and Drug Administration, and Related Agencies.....</i>	<i>2</i>
<i>Division A, Title II – Commerce, Justice, Science, and Related Agencies....</i>	<i>4</i>
<i>Division A, Title IV – Energy and Water Development.....</i>	<i>6</i>
<i>Division A, Title VIII – Departments of Labor, Health and Human Services, and Education, and Related Agencies.....</i>	<i>7</i>
<i>Division A, Title XII – Transportation and Housing and Urban Development and Related Agencies.....</i>	<i>14</i>
<i>Division A, Title XIII – Health Information Technology.....</i>	<i>15</i>
<i>Division A, Title XIV – State Fiscal Stabilization Fund.....</i>	<i>21</i>
<i>Division B, Title I, Subtitle B – Energy Incentives.....</i>	<i>22</i>
<i>Division B, Title I, Subtitle C – Tax Incentives for Business.....</i>	<i>23</i>
<i>Division B, Title I, Subtitle E – Economic Recovery Tools.....</i>	<i>24</i>
<i>Division B, Title I, Subtitle F – Infrastructure Financing Tools.....</i>	<i>25</i>
<i>Division B, Title III – Premium Assistance for COBRA Benefits.....</i>	<i>27</i>

Division A, Title I – Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

Program: Rural Community Facilities Program Account

Description: Loans and grants for construction, enlargement or improvement of “essential community facilities,” including health care facilities, in rural areas. Funds to acquire land, pay professional fees and purchase equipment.

Eligibility: Non-profit corporations in rural areas (fewer than 20,000 people) providing essential community services.

Funding Source: U.S. Department of Agriculture

Funding Amount: \$130 million

Application Process: Existing application procedures apply. Additional information is available at <http://www.rurdev.usda.gov/rhs/cf/cp.htm>.

Statutory References: Consolidated Farm and Rural Development Act, 7 U.S.C. § 1921 et seq.

Program: Rural Business Program Account

Description: Loans to improve the economic climate in rural communities through business acquisitions to prevent loss of, or provide expanded opportunities for, employment; business conversion, enlargement, repair, modernization or development; purchase and development of land, buildings or facilities; purchase of equipment, machinery, supplies or inventory.

Eligibility: Public and private for-profit and non-profit organizations in rural areas (areas other than cities or towns of more than 50,000 people and adjacent urban areas).

Funding Source: U.S. Department of Agriculture

Funding Amount: \$150 million (including funds for grants, below). Maximum available loan is generally \$10 million.

Application Process: Existing application procedures apply. Additional information is available at http://www.rurdev.usda.gov/rbs/busp/b&i_gar.htm.

Statutory References: Consolidated Farm and Rural Development Act, 7 U.S.C. § 1921 et seq.

Program: Rural Business Program Account

Description: Grants to private non-profit organizations to finance and facilitate the development of small and emerging non-profit entities (less than \$1 million in revenues and fewer than 50 employees) through the acquisition and development of land, construction, conversion and renovation of buildings, plants, machinery, equipment, parking areas; capitalization of revolving loan funds; and training and technical assistance.

Eligibility: Public agencies and private non-profit organizations in rural areas (fewer than 20,000 people).

Funding Source: U.S. Department of Agriculture

Funding Amount: \$150 million (including funds for loans, described above). Total grants cannot exceed \$50 million annually.

Application Process: Existing application procedures apply. Additional information is available at <http://www.rurdev.usda.gov/rbs/busp/rbeg.htm>.

Statutory References: Consolidated Farm and Rural Development Act, 7 U.S.C. § 1921 et seq.

Program: Rural Utilities Service; Distance Learning, Telemedicine, and Broadband Program

Description: Loans and grants for the deployment and construction of broadband systems and for technical assistance to improve access to broadband areas without service or that lack sufficient access to high-speed broadband service to facilitate economic development.

Eligibility: Not yet established. No area of a project funded may receive funding to provide broadband service under the Broadband Technology Opportunities Program.

Funding Source: U.S. Department of Agriculture

Funding Amount: \$2.5 billion

Application Process: Not yet established. The Secretary of the U.S. Department of Agriculture must submit a report to Congress on planned spending and actual obligations by May 18, 2009, and quarterly thereafter. Additional information will be available at <http://www.usda.gov/recovery>.

Statutory References: Rural Electrification Act of 1936, 7 U.S.C. § 901 et seq.

Division A, Title II – Commerce, Justice, Science, and Related Agencies

Program: Economic Development Assistance Programs

Description: Grants to economically distressed areas to generate private sector jobs by construction or rehabilitation of essential public infrastructure and facilities necessary to generate or retain private sector jobs and investments, attract private sector capital, promote regional competitiveness, expand and upgrade infrastructure, and support technology-led development.

Eligibility: Institutions of higher education and public or private non-profit organizations “acting in cooperation with officials of a political subdivision of a State.” Grant recipients will determine whether to make grant funds available to for-profit hospitals.

Funding Source: U.S. Department of Commerce, Economic Development Administration

Funding Amount: \$150 million

Application Process: Existing application procedures apply. Solicitation for applications is available at <http://www.eda.gov/InvestmentsGrants/FFON.xml>. Applications are accepted on a continuing basis and processed as received.

Statutory References: Public Works and Economic Development Act of 1965, 42 U.S.C. §§ 3141, 3149

Program: Broadband Technology Opportunities Act

Description: Grants for broadband education, awareness, training, access, equipment and support to medical and health care providers to facilitate greater use of broadband services to enhance health care delivery.

Eligibility: Non-profit foundations, corporations, institutions or associations. Other eligible grantees may be identified by the Commerce Department by rule at a later time.

Funding Source: U.S. Department of Commerce, National Telecommunications and Information Administration

Funding Amount: \$4.35 billion (for grants and other initiatives)

Application Process: Not yet established. Additional information will be posted at <http://www.commerce.gov/Recovery/index.htm>.

Statutory References: American Recovery and Reinvestment Act of 2009, Pub. Law No. 111-5, Division B, Title VI

Program: Scientific and Technical Research and Services

Description: Funds for research, competitive grants and research fellowships for scientific and technical research and service.

Eligibility: Not yet established. May vary by grant.

Funding Source: U.S. Department of Commerce, National Institute of Standards and Technology

Funding Amount: \$220 million

Application Process: Not yet established. Additional information will be posted at <http://www.nist.gov/recovery>.

Statutory References: N/A

Program: Construction of Research Facilities

Description: Grants for construction of science research facilities.

Eligibility: Not yet established. May vary by grant.

Funding Source: U.S. Department of Commerce, National Institute of Standards and Technology

Funding Amount: \$180 million

Application Process: Not yet established. Additional information will be posted at <http://www.nist.gov/recovery>.

Statutory References: N/A

Program: Violence Against Women Prevention and Prosecution Programs

Description: Grants to enhance services and advocacy to victims of domestic violence, dating violence, sexual assault and stalking.

Eligibility: Grants limited to States. States will determine whether to make grant funds available to hospitals.

Funding Source: U.S. Department of Justice, Office of Violence Against Women

Funding Amount: \$240 million

Application Process: Existing program. Direct funds are available only to States. State allocations can be viewed at <http://www.ovw.usdoj.gov/recovery-grants-awards.htm>.

Statutory References: Omnibus Crime Control and Safe Streets Act of 1968, 42 U.S.C. § 3796gg et seq.

Division A, Title IV – Energy and Water Development

Program: Energy Efficiency and Renewable Energy

Description: Grants to reduce fossil fuel emissions, decrease total energy consumption and improve energy efficiency through financial incentives for energy efficient programs, energy efficient retrofits of non-profit organizations and other energy efficiency and conservation programs.

Eligibility: Grants limited to states and local government units. States and local government units will determine whether to make grant funds available to hospitals.

Funding Source: U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy

Funding Amount: \$3.2 billion

Application Process: Existing program. Direct funds are available only to states and local government units. Additional information is available at http://apps1.eere.energy.gov/wip/block_grants.cfm.

Statutory References: Energy Independence and Security Act of 2007, Pub. L. No. 110-140 (2007)

Program: Energy Efficiency and Renewable Energy

Description: Funds for the State Energy Program to develop and implement energy conservation programs.

Eligibility: Grants limited to states. States will determine whether to make grant funds available to hospitals.

Funding Source: U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy

Funding Amount: \$3.1 billion

Application Process: Existing program. Direct funds are available only to states. Additional information is available at http://apps1.eere.energy.gov/state_energy_program/info_resources.cfm.

Statutory References: Energy Policy and Conservation Act, 42 U.S.C. § 6321

Program: Electricity Delivery and Energy Reliability

Description: Funds for Smart Grid demonstration projects and investment costs.

Eligibility: Not yet established.

Funding Source: U.S. Department of Energy, Office of Electricity Delivery and Energy Reliability

Funding Amount: \$4.5 billion (for Smart Grid and other initiatives)

Application Process: Not yet established. Additional information will be available at

http://www.oe.energy.gov/information_center/american_recovery_reinvestment_act.htm.

Statutory References: Energy Independence and Security Act of 2007 §§ 1301-09

Division A, Title VIII – Departments of Labor, Health and Human Services, and Education, and Related Agencies

Program: Training and Employment Services

Description: Grants for worker training and placement in high growth and emerging industry sectors, including health care.

Eligibility: Not yet established.

Funding Source: U.S. Department of Labor, Employment and Training Administration

Funding Amount: \$250 million

Application Process: Not yet established. Additional information will be available at <http://www.dol.gov/recovery>.

Statutory References: N/A

Program: Health Resources and Services

Description: Grants to community health centers to support new sites and service areas, to increase services at existing sites and to provide supplemental payments for spike in uninsured populations.

The Health Resources and Services Administration has discretion in making grants. It has announced that it will use funds received to make Increased Demand for Services (IDS) Grants to provide additional funding to existing health center program grantees to increase the number of total patients and uninsured patients served.

Eligibility: May vary depending on grant. IDS Grants are limited to existing grantees.

Funding Source: U.S. Department of Health and Human Services, Health Resources and Services Administration

Funding Amount: \$500 million (including IDS Grants)

Application Process: Existing application procedures. Grant opportunities will be listed at <http://www.hrsa.gov/grants/> and/or <http://bphc.hrsa.gov/recovery/default.htm>.

IDS Grant Announcement is available at <http://bphc.hrsa.gov/recovery/default.htm>. Due date was March 16, 2009.

Statutory References: Public Health Services Act § 330, 42 U.S.C. § 254b

Program: Health Resources and Services

Description: Grants for construction, renovation, and equipment (including HIT systems) for health centers receiving operating grants under section 330 of the Public Health Service Act.

Eligibility: Health centers receiving operating grants under section 330 of the Public Health Service Act.

Funding Source: U.S. Department of Health and Human Services, Health Resources and Services Administration

Funding Amount: \$1.5 billion

Application Process: Existing application procedures. Grant opportunities will be listed at <http://www.hrsa.gov/grants/> and/or <http://bphc.hrsa.gov/recovery/default.htm>.

Statutory References: Public Health Services Act § 330, 42 U.S.C. § 254b

Program: Health Resources and Services

Description: Funds to address health professions workforce shortages including funds for the National Health Service Corps and Health Professions and Nurse Training Programs.

Eligibility: Funds available only to the Health Resources and Services Administration.

Hospitals may benefit indirectly through increased recruitment and retention opportunities through the National Health Services Corps and increased availability of loan repayment.

Funding Source: U.S. Department of Health and Human Services, Health Resources and Services Administration

Funding Amount: \$500 million

Application Process: Direct funds available only to the Health Resources and Services Administration

Statutory References: Public Health Services Act, 42 U.S.C. § 201 et seq.

Program: National Center for Research Resources

Description: Grants and contracts to construct, renovate or repair existing non-federal biomedical or behavioral research facilities.

Eligibility: Public and private non-profit institutions of higher education, other non-profit organizations.

Funding Source: U.S. Department of Health and Human Services, National Institutes of Health

Funding Amount: \$1 billion

Application Process: Two separate grant applications depending on project for which funding is sought:

- <http://grants.nih.gov/grants/guide/rfa-files/RFA-RR-09-007.html#SectionIII1A>. Due by September 17, 2009.
- <http://grants.nih.gov/grants/guide/rfa-files/RFA-RR-09-008.html>. Due date varies by size of grant requested. Earliest deadline is May 6, 2009.

Additional information will be posted at <http://grants.nih.gov/recovery/>.

Statutory References: N/A

Program: National Center for Research Resources

Description: Funds for shared instrumentation and other capital research equipment.

Eligibility: Non-profit organizations, public or private institutions such as universities, colleges and hospitals.

Funding Source: U.S. Department of Health and Human Services, National Institutes of Health

Funding Amount: \$300 million

Application Process: Grant application available at <http://grants.nih.gov/grants/guide/pa-files/PA-09-118.html>. Due by May 6, 2009. Additional information will be posted at <http://grants.nih.gov/recovery/>.

Statutory References: N/A

Program: National Institutes of Health, Office of the Director

Description: Funds for scientific research to be distributed at the discretion of the Office of the Director.

The National Institutes of Health has used its spending discretion to establish Challenge Grants in Health and Science Research to fund research focusing on specific knowledge gaps, scientific opportunities, new technologies, data generation, or research methods that would benefit from an influx of funds to quickly advance the area in significant ways.

Eligibility: May vary depending on program/grant. For Challenge Grants, public and private institutions of higher learning, public and private non-profit and for-profit organizations, among others.

Funding Source: U.S. Department of Health and Human Services, National Institutes of Health

Funding Amount: \$8.2 billion (for grants and other initiatives); \$200 million of \$8.2 billion total will fund Challenge Grants

Application Process: Varies depending on grant. Additional information will be posted at <http://grants.nih.gov/recovery>. For Challenge Grants, application available at <http://grants.nih.gov/grants/guide/rfa-files/RFA-OD-09-003.html>. Due by April 27, 2009.

Statutory References: N/A

Program: Healthcare Research and Quality

Description: Funds for comparative effectiveness research to the National Institutes of Health, the Agency for Healthcare Research and Quality and the Department of Health and Human Services.

Eligibility: Funds to federal agencies only. Agencies will determine whether to make grant funds available to hospitals for comparative effectiveness research.

Funding Source: U.S. Department of Health and Human Services

Funding Amount: \$1.1 billion (\$400 million to the National Institutes of Health; \$300 million to the Agency for Healthcare Research and Quality; \$400 million to the Department of Health and Human Services).

Application Process: Not yet established.

The Secretary of Health and Human Services must enter into a contract with the Institute of Medicine to produce and submit a report to Congress by June 30, 2009, that considers input from stakeholders and includes recommendations on national priorities for comparative effectiveness research to be supported.

A report from all three agencies receiving funds detailing the type of research being conducted or supported must be submitted to Congress before funds are distributed. A report for fiscal year 2009 is due by July 30, 2009, and a report for fiscal year 2010 is due by November 1, 2009. Additional information will be posted at:

- <http://effectivehealthcare.ahrq.gov/>
- <http://www.hhs.gov/recovery/>
- <http://www.nih.gov/recovery/index.htm>

Statutory References: N/A

Program: Office of the National Coordinator for Health Information Technology

Description: Funds to implement Health Information Technology for Economic and Clinical Health Act (HITECH Act) in Title XIII of Division A. Specific grants, loans, and demonstration funding established by the HITECH Act are described below.

Eligibility: Funds to federal agencies only. Agencies will use funds for grants, loans and demonstration projects under the HITECH Act. Eligibility will vary, as described below.

Funding Source: U.S. Department of Health and Human Services, Office of the National Coordinator for Health Information Technology

Funding Amount: \$2 billion

Application Process: Direct funds available only to federal agencies. The Secretary of the Department of Health and Human Services must submit an operating plan to Congress before funds may be spent. The operating plan for fiscal year 2009 is due by May 18, 2009. The operating plan for subsequent years is due by November 1 of each year.

Application process for grants, loans, and demonstration projects in the HITECH Act will vary, as described below.

Statutory References: American Recovery and Reinvestment Act of 2009, Pub. Law No. 111-5, Division A, Title XIII

Program: Prevention and Wellness Fund

Description: Prevention and Wellness fund to support evidence-based clinical and community-based prevention and wellness strategies that deliver specific, measurable health outcomes that address chronic disease rates.

Eligibility: Not yet established

Funding Source: U.S. Department of Health and Human Services, Office of the Secretary

Funding Amount: \$650 million

Application Process: Prior to making any distributions, the Secretary of the Department of Health and Human Services must develop an operating plan for the Prevention and Wellness Fund and submit it to Congress by May 18, 2009.

Additional information will be posted at <http://www.hhs.gov/recovery/>.

Statutory References: N/A

Program: Prevention and Wellness Fund

Description: Grants for planning, implementing, and maintaining a public health infrastructure that assures the existence of an effective national immunization system through outreach, disease surveillance, outbreak control, education, service delivery and immunization information systems.

Eligibility: Grants made to states, large urban areas, and territories. Grant recipients will determine whether to make grant funds available to hospitals.

Funding Source: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention

Funding Amount: \$300 million

Application Process: Existing program. Direct funds are available only to states, large urban areas, and territories.

Statutory References: Public Health Service Act § 317, 42 U.S.C. § 247b

Program: Prevention and Wellness Fund

Description: Funds to implement healthcare-associated infections reduction strategies.

Eligibility: Funds provided to states. States will determine whether to make funds available to hospitals.

Funding Source: U.S. Department of Health and Human Services, Office of the Secretary

Funding Amount: \$50 million

Application Process: Direct funds are available only to states.

Statutory References: N/A

Division A, Title XII – Transportation and Housing and Urban Development and Related Agencies

Program: Community Development Fund

Description: Funds for the community development block grant program for revitalizing neighborhoods, economic development and providing improved community facilities and services.

Eligibility: Funds provided to states, units of local governments, and other jurisdictions eligible to receive grants. Eligible grantees will determine whether to make funds available to hospitals.

Funding Source: U.S. Department of Housing and Urban Development, Office of Community and Planning Development

Funding Amount: \$1 billion

Application Process: Existing program. Direct funds are available only to states, units of local government, and other jurisdictions eligible to receive grants. Additional information is available at <http://www.hud.gov/recovery/cdblock.cfm>.

Statutory References: Housing and Community Development Act of 1974, 42 U.S.C. § 5301 et seq.

Division A, Title XIII – Health Information Technology

Program: Research and Development Programs

Description: Grants to establish multidisciplinary Centers for Health Care Information Enterprise Integration to research health care information enterprise integration and to develop and use health information technologies and other complementary fields.

Eligibility: Institutions of higher education or consortia of institutions of higher education, which may include nonprofit entities and federal government laboratories.

Funding Source: Office of the National Coordinator for Health Information Technology, National Institute of Standards and Technology

Funding Amount: Not yet established; from \$2 billion for implementation of the HITECH Act and other appropriations as necessary (see page 12).

Application Process: National Institutes of Standards and Technology is responsible for applications. No specific form has been established.

The application must, at a minimum, include descriptions of the research projects to be undertaken; a description of how the Center will promote active collaboration among scientists and engineers from different disciplines; describe the technology transfer activities to be used to demonstrate and diffuse the research results; and show how the Center will contribute to the education and training of professionals in the field of health information technology.

Additional information will be available at <http://www.hhs.gov/recovery/> and <http://www.nist.gov/recovery/>.

Statutory References: N/A

Program: Immediate Funding to Strengthen the Health Information Technology Infrastructure.

Description: Funds for infrastructure necessary for electronic exchange and use of health information including health information technology architecture, training and promotion.

Eligibility: Not yet established. Funds will be invested through several agencies including the Office of the National Coordinator for Health Information Technology, Health Resources and Services Administration, Agency for Healthcare Research and Quality, Centers for Medicare and Medicaid Services, Centers for Disease Control and Prevention, and the Indian Health Services.

Funding Source: Department of Health and Human Services.

Funding Amount: Not yet established; from \$2 billion for implementation of the HITECH Act and other appropriations as necessary (see page 12).

Application Process: Not yet established. Additional information will be available at <http://www.hhs.gov/recovery/>.

Statutory References: N/A

Program: Health Information Technology Implementation Assistance

Description: Funds to assist health care providers to adopt, implement, and use certified electronic health records technology; to establish a Health Information Technology Research Center to provide technical assistance and develop or recognize best practices to support and accelerate adoption, implementation and use of certified electronic health records technology; and for Regional Centers, affiliated with non-profit organizations, to provide technical assistance and disseminate best practices learned from the Health Information Technology Research Center.

Eligibility: Not yet established.

Funding Source: U.S. Department of Health and Human Services, Office of the National Coordinator for Health Information Technology

Funding Amount: Not yet established; from \$2 billion for implementation of the HITECH Act and other appropriations as necessary (see page 12). Funding for Regional Centers limited to 50 percent of capital and operational needs.

Application Process: Not yet established.

The Secretary of the Department of Health and Human Services must publish a description of the program for establishing Regional Centers by May 18, 2009, including procedures to be followed by applicants. Additional information will be available at <http://www.hhs.gov/recovery>.

Statutory References: N/A

Program: State Grants to Promote Health Information Technology

Description: Grants for planning and implementation to facilitate and expand the electronic movement and use of health information among organizations according to nationally recognized standards.

Eligibility: States and qualified “state designated entities.” A “state designated entity” must be a nonprofit entity designated by the state to receive a grant, whose principal goals include the use of information technology to improve health care quality and efficiency through the use of health information technology.

Funding Source: U.S. Department of Health and Human Services, Office of the National Coordinator for Health Information Technology

Funding Amount: Not yet established; from \$2 billion for implementation of the HITECH Act and other appropriations as necessary (see page 12). State matching funds required after 2011, and may be required before then at the discretion of the Secretary of the Department of Health and Human Services.

Application Process: Not yet established. Applicant for implementation grants will be required to submit a plan describing how the applicant will facilitate the electronic movement and use of health information among organizations. Additional information will be available at <http://www.hhs.gov/recovery>.

Statutory References: N/A

Program: Competitive Grants to States and Indian Tribes for the Development of Loan Programs to Facilitate the Widespread Adoption of Electronic Health Record Technology

Description: Grants to establish “Loan Fund” to facilitate the purchase of certified electronic health record technology, enhance utilization of certified electronic health record technology, train personnel, and improve the secure exchange of health information.

Eligibility: States and Indian Tribes. States and Indian Tribes will determine whether to make loans to hospitals.

Funding Source: U.S. Department of Health and Human Services, Office of the National Coordinator for Health Information Technology

Funding Amount: Not yet established; from \$2 billion for implementation of the HITECH Act and other appropriations as necessary (see page 12). State matching funds required, which may be supplemented by private contributions.

Application Process: Not yet established. States will be required to apply for grant for “Loan Fund,” including strategic plan for use of Fund. States will develop applications for entity to obtain loans. Additional information will be available at <http://www.hhs.gov/recovery>.

Statutory References: N/A

Program: Demonstration Program to Integrate Information Technology into Clinical Education

Description: Grants to integrate certified electronic health record technology into community-based clinical education. Grants cannot be used to purchase hardware, software or services.

Eligibility: Schools of medicine, osteopathic medicine, dentistry, or pharmacy, a graduate program in behavioral or mental health, or any other graduate health professions school; a graduate school of nursing or physician assistant studies; and other graduate health education programs.

Funding Source: U.S. Department of Health and Human Services, Office of the Secretary

Funding Amount: Not yet established; from \$2 billion for implementation of the HITECH Act and other appropriations as necessary (see page 12). Cost-sharing required unless waived by the Secretary of the Department of Health and Human Services.

Application Process: Not yet established. Grant applicants will be required to submit a strategic plan for integrating electronic health records into the clinical education setting to reduce medical errors, increase access to prevention, reduce chronic diseases and enhance health care quality.

Statutory References: N/A

Program: Information Technology Professionals in Health Care

Description: Funds to establish or expand medical health informatics education programs for both health care and information technology students to ensure the utilization and development of health information technologies. HHS, in consultation with the Director of the National Sciences Foundation, is authorized to provide funds to institutions of higher education

Eligibility: Institutions of higher education. Priority will be given to existing education and training programs and those designed to be completed in six months or less.

Funding Source: U.S. Department of Health and Human Services, Office of the Secretary

Funding Amount: Not yet established; from \$2 billion for implementation of the HITECH Act and other appropriations as necessary (see page 12).

Application Process: Not yet established. Additional information will be available at <http://www.hhs.gov/recovery>.

Statutory References: N/A

Division A, Title XIV – State Fiscal Stabilization Fund

Program: State Fiscal Stabilization Fund

Description: Funds to public institutions of higher education (which may include medical schools) to address state education budget shortfalls and for public safety and other government services, which may include assistance for public institutions of higher education, and for modernization, renovation, or repair of public school facilities and certain facilities of eligible public and non-profit institutions of higher education (which may include medical schools).

Eligibility: States receive funds through formula grants. States are responsible for distributing those funds, or otherwise making those funds available, to public institutions of higher education and non-profit institutions of higher education, which may include medical schools, in accordance with the Stimulus Bill Provisions.

Funding Source: U.S. Department of Education

Funding Amount: \$53.6 billion (for primary and secondary schools and institutions of higher learning eligible to receive funds)

Of funds allocated to states, 81.8 percent must be used to restore state funding levels for public school districts and public institutions of higher education, and 18.2 percent must be used for public safety and other government services, which may include assistance to public institutions of higher education, and for modernization, renovation or repair of public school facilities and certain facilities of eligible public and non-profit institutions of higher education.

Application Process: Direct funds are available only to states. The first allotment to States is scheduled to be released to states in April 2009.

Additional information is available at
<http://www.ed.gov/policy/gen/leg/recovery/index.html>.

Statutory References: Higher Education Act, 20 U.S.C. §§ 1001, 1003

Division B, Title I, Subtitle B – Energy Incentives

Program: Repeal of Certain Limitations on Credit for Renewable Energy Property

Description: Eliminates the \$4,000 cap on the tax credits for businesses for qualified small wind energy property (small wind turbines that produce electricity for a facility). Businesses are eligible for an uncapped 30 percent tax credit.

Program: Increased Limitation on Issuance of New Clean Renewable Energy Bonds

Description: Authorizes an additional \$2.4 billion of qualified energy conservation bonds to finance State, municipal and tribal government programs and initiatives to reduce greenhouse gas emissions. Bonds may be issued to make loans and grants for capital expenditures to implement green community programs and for programs in which utilities provide ratepayers with energy-efficient property and recoup the costs over an extended period of time.

Program: Temporary Increase in Credit for Alternative Fuel Vehicle Refueling Property

Description: Modifies and increases the tax credit for each qualified plug-in electric drive vehicle placed in service during the taxable year. Base credit of \$2,500 with additional credit based on the kilowatt hour battery capacity. Provides credits for plug-in electric drive conversion kits.

Program: Parity for Transportation Fringe Benefits

Description: Increases the tax-free benefit employers can provide for transit to equal the benefit available for parking.

Division B, Title I, Subtitle C – Tax Incentives for Business

Program: Special Allowance for Certain Property Acquired During 2009 (Bonus Depreciation)

Description: Allows businesses to recover costs of capital expenditures made in 2009 by permitting businesses to immediately write-off fifty percent of eligible depreciable property acquired in 2009 for use in the United States.

In lieu of bonus depreciation described above, businesses may monetize Alternative Minimum Tax (AMT) credits and research and development (R&D) credits by electing to receive 20 percent of the value of unused AMT or R&D credits to the extent they invest in assets that would qualify for bonus depreciation for 2009. The amount is capped at the lesser of 6 percent of the AMT and R&D credits or \$30 million.

Applicable to for-profit hospitals only.

Program: Five-Year Carryback of Operating Losses of Small Businesses

Description: For 2008, extends the maximum net operating losses carryback period from two years to five years for small businesses with gross receipts of \$15 million or less.

Applicable to for-profit hospitals only.

Program: Incentives to Hire Unemployed Veterans and Disconnected Youth

Description: Adds unemployed veterans and disconnected youth to list of employees for whom businesses may claim a work opportunity tax credit equal to 40 percent of the first \$6,000 of wages paid to the employee.

Applicable to for-profit hospitals only.

Program: Deferral and Ratable Inclusion of Income Arising From Business Indebtedness Discharged by the Reacquisition of a Debt Instrument

Description: Allows certain businesses to recognize cancellation of debt income over ten years by deferring tax on the cancellation of debt income for the first four or five years and recognizing the income ratably over the following five taxable years for specified types of business debt repurchased by the business after December 31, 2008 and before January 1, 2011.

Applicable to for-profit hospitals only.

Division B, Title I, Subtitle E – Economic Recovery Tools

Program: Recovery Zone Bonds

Description: Authorizes issuance during 2009 and 2010 of tax credit bonds referred to as recovery zone economic development bonds (\$10 billion) and tax-exempt private activity bonds referred to as recovery zone facility bonds (\$15 billion). States receive share of national allocation based on job losses in 2008 as a percentage of national job losses in 2008. Allocations are sub-allocated to local municipalities to invest in infrastructure, job training, education and economic development in areas with significant poverty, unemployment and home foreclosures. Local municipalities will decide whether to use allocation to provide financing for hospitals.

Program: Increase in New Markets Tax Credit

Description: Increases the available credits for 2008 to \$5 billion and the available credits for 2009 to \$5 billion. New market tax credits permit taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities. CDEs may be given the authority to issue to their investors up to the aggregate amount of \$23 billion in equity as to which New Market Tax Credits can be claimed. An organization wishing to receive awards under the NMTC Program must be certified as a CDE by the Fund.

To qualify as a CDE, an organization must:

- be a domestic corporation or partnership at the time of the certification application;
- demonstrate a primary a mission of serving, or providing investment capital for, low-income communities or low-income persons; and
- maintain accountability to residents of low-income communities through representation on a governing board of or advisory board to the entity.

Funds raised by a CDE utilizing the new markets tax credit may be used to provide low-interest loans to hospitals.

Division B, Title I, Subtitle F – Infrastructure Financing Tools

Program: De Minimis Safe Harbor Exception for Tax-Exempt Interest Expense of Financial Institutions

Description: Allows banks to invest up to 2 percent of their assets in tax-exempt bonds (whether or not “bank qualified”) without losing any portion of their regular interest deductions.

Applies only to bonds issued to finance new projects (as opposed to refinancing).

The “2 percent rule” will increase bank demand for all types of tax-exempt bonds.

Program: Modification of Small Issuer Exception to Tax-Exempt Interest Expense Allocation Rules for Financial Institutions

Description: Increases from \$10 million to \$30 million the annual issuance limit for “bank qualified” (i.e., tax-exempt bonds that can be held by banks without adversely affecting their regular interest cost deductions) bonds and applies the \$30 million annual issuance limit to individual 501(c)(3) borrowers, rather than the issuer, enabling issuers to provide bank-qualified pooled bond financing to multiple borrowers of up to \$30 million per borrower.

Changes apply only to bonds issued in 2009 and 2010.

The new rules for bank qualified bonds will increase the ability of smaller 501(c)(3) organization and governmental issuers to utilize bank qualified bonds.

Program: Delay in Application of Withholding Tax on Government Contractors

Description: Delays implementation of 3 percent tax withholding on government contractors (including Medicare providers) one year, until December 31, 2011.

Program: Build America Bonds

Description: Allows an issuer of any bond (other than a private activity bond, such as a 501(c)(3) bond) that would qualify for a tax exemption under Section 103 of the Internal Revenue Code to elect to issue the bond as a taxable bond with a tax credit equal to 35 percent of the interest on the bond.

An issuer electing the taxable bond option may further elect to receive direct payments from the federal government in the amount of the credit, in lieu of the credit being provided to the bondholders but only for issues where 100 percent of the available project proceeds (i.e., sale proceeds less up to two percent costs of issuance) less amounts deposited in a reasonable required debt service reserve fund are used for capital expenditures.

Applies to bonds issued after February 17, 2009, but before January 1, 2011.

Enables issuers of governmental purpose bonds to reach a broader class of investors and receive a deeper subsidy. (Could be available only to public hospitals.)

Division B, Title III – Premium Assistance for COBRA Benefits

Program: Premium Assistance for COBRA Benefits

Description: Provides a 65 percent subsidy for COBRA continuation premiums for up to 9 months for workers who have been involuntarily terminated, and for their families. To qualify, a worker must be involuntarily terminated between September 1, 2008 and December 31, 2009. Workers who were involuntarily terminated between September 1, 2008 and February 17, 2009, but failed to initially elect COBRA because it was unaffordable, are given an additional 90 days to elect COBRA and receive the subsidy.

Individuals are required to pay 35 percent of the premium; the employer may recover the subsidy provided to assistance-eligible individuals by taking the subsidy amount as a credit on its quarterly employment tax return.

Hospitals, as employers, are required to comply with these provisions. They will also benefit because the premium assistance will likely decrease the number of uninsured patients seeking treatment.