

Corporate Peer Discussions: Funding Healthcare During COVID-19 Summary of Best Practices on Corporate Response

Virtual convenings held on April 7 and April 9, 2020

Convening Organizations: ACCP, CECP, COF, and POL

Association of Corporate Citizenship Professionals (ACCP), Council on Foundations (COF), Chief Executives for Corporate Purpose (CECP), and Points of Light (POL), which collectively represent more than 400 of the most socially and environmentally responsible global companies, are joining forces to support leaders of corporate purpose and to advocate for the field by convening dialogue on relevant solutions and to share best practices. While some companies are still assessing their response, we have already seen hundreds of corporations respond to the COVID-19 crisis with courage and determination. Their leadership sets an example for the sector to follow. In the sessions on Funding Healthcare During COVID-19, 24 member companies participated.

Current state and needs of the health care industry:

- The biggest priority is to **protect team members, patients, and families**. Short term need is the shortage of supplies, all are competing for PPE, ventilators, etc. If companies have PPE in their supply chain, donate it. If companies have access to 3D printers, make the face shields, respirators, and masks. Sewing cloth masks is a great virtual volunteer opportunity for employees and templates are available online.
- **Shortage of health care workers**. In New York, retired health care workers are being called upon, and medical schools are graduating students early to increase the number of health care professionals.
- Simultaneously, with hospitals cash-strapped all non-essential medical procedures canceled due to the pandemic, 70 of the major hospital systems have had to **furlough, lay off, or reduce hours** and give pay cuts to workers who are not critical. Redeployment can help health care workers to make up lost income, and hospitals are adopting emergency credentialing provisions during COVID-19.
- **Research is needed** on the development of a vaccine and antibody test.
- Most hospital systems have created **COVID-19 funds** to provide the PPE and ventilators, but also to cover costs such as childcare for hospital workers whose children are out of school or whose spouse lost a job.
- Different geographic areas have not yet experienced their spike so they are anticipating the needs.
- Other issues that the health care industry is grappling with include hunger, an increase in child abuse, neglect, and domestic abuse, and increased mental health needs as the crisis and quarantine continues.
- Rural critical access hospitals, many of which were already at risk of closure before COVID-19, face specific challenges related to the virus in their respective communities, such as serving higher-risk populations to struggling with limited funding, and may therefore need additional assistance.

Actions being taken by health care providers and companies:

- Waiving prior authorization or prescriptions for diagnostic tests and offering drive-through testing or rapid mobile testing facilities.
- Insurance companies are waiving most medical costs related to COVID-19 testing, treatment, and office visits, and working with customers in hardship to suspend premiums through duration of the crisis.
- Increasing the physicians who are offering tele-health and re-filling prescriptions.
- Funding 211 information lines through the United Way that provide information related to COVID-19 about staying home, how to get access to meals safely, and what to do if you are experiencing symptoms.
- Offering 24-hour toll-free access to behavioral health professionals during the crisis.

Public press releases on actions by companies:

- AdventHealth is offering a leading-edge treatment using plasma from recovered COVID-19 patients to treat patients with severe cases of COVID-19 ([see press release](#))
- Cigna Helps Accelerate Research For A COVID-19 Treatment By Donating Medications To Washington University School Of Medicine's Clinical Trial ([see press release](#))
- CVS Health will provide bonuses, add benefits and hire 50,000 in response to pandemic ([see press release](#)).

Philanthropic response to fund healthcare:

- Many companies are donating to global organizations that support health workers on the front lines, such as AmeriCares, WHO, CDC, and Project HOPE as well as funds set up by local Community Foundations.
- Companies are donating to COVID-19 funds set up by hospital foundations in their geographic locations.
- Donations to [Healthcare Ready](#) help to strengthen healthcare supply chains through collaboration with public health and private sectors by addressing pressing issues before, during, and after disasters.
- Companies are funding **Federally Qualified Health Clinics (FQHCs)** where the most vulnerable show up. FQHCs can divert patients that would burden hospitals across the country. FQHCs can be funded through third parties such as Direct Relief and AmeriCares. One company is working with National Health Centers to develop criteria and pick the FQHCs for grants based on equity needs and pandemic hot spots.
- Companies are **donating PPE** if they have it in their facilities or supply chain, or funding small to mid-size businesses to produce FDA-approved masks and/or re-tool their facilities to be able to meet the demand.
- If the Physician Payments Sunshine Act (PSA), intended to increase transparency of financial relationships between health care providers and pharmaceutical manufactures, applies to a company, they can donate PPE through FEMA and government-run agencies.
- Companies are also being responsive in the community, **funding food assistance** through groups like Feeding America, and looking to support other organizations focused on wraparound services.
- Companies are providing **flexibility with their grantees** to support general operating needs, since their revenue streams are severely damaged by the pandemic and related economic crisis.
- Some companies have set up **COVID-19 community response funds**. See Novartis press release: [Novartis and the Novartis US Foundation establish USD 5 million US COVID-19 Community Response Fund](#)
- Hilton and American Express partnered with 10 medical associations to offer hotel rooms free of charge to 1 million healthcare professionals working on the front lines of the pandemic ([see press release](#))
- Medical device companies are focusing on product innovation, repurposing, and acceleration in production of items such as beds, hygiene products, N95 masks, etc.
- Companies in all sectors are seeking to support nonprofits serving vulnerable populations who are disproportionately impacted (i.e. elderly, injured, homeless, and low-income communities).
- While some companies are providing new funds for COVID-19, others are needing to work within existing budget to re-allocate or in some cases, restrict funding in order to focus 100% on supporting employees.
- One company is looking at its **social impact investments**, to see how it can bring its **impact capital** to bear for the crisis through loans, investments for promising ventures, etc.
- Companies with super-computing power are deploying technology to organizations working on vaccines, cures, analysis, and educators. They strive to provide accurate data so policy-makers can make decisions.

Employee Support and Engagement:

- Companies are offering an increased corporate match for employee donations (often citing a 2:1 match, up to \$500 per employee; one company is offering a match up to \$5,000 per employee) and lowering the

minimum donation to qualify for a company match (so that all employees can participate) for donations to nonprofits working on relief related to the COVID-19 pandemic and its effects.

- Companies are exploring virtual volunteering, including skills-based and pro-bono; because of increased demand for virtual volunteerism, companies may need to help nonprofit partners to identify needs and collect opportunities that would be of value. Resources include Points of Light and Taproot Foundation.
- Many companies are increasing the number of days available for PTO to care for oneself or family.
- Companies are informing employees of blood donation shortages and ways to donate safely.
- Providing opportunities for virtual employees to connect to one another and cope in this unique time.

Employee Assistance Funds

- EAFs allow a company to make a grant to individual employees in order to alleviate personal hardship. In light of the COVID-19 pandemic, some companies are:
 - **Expanding eligibility and accessibility** of EAFs by waiving requirements for employment for more than 1 year. Companies are also providing flexibility by waiving documentation requirements for grants of \$500 or \$1,000 and by creating a weblink rather than intranet application, for example.
 - **Increasing available funds:** with more demand for assistance, companies are seeking to add funds by making corporate donations into the fund. While being sensitive of asking too much of employees at this time, some companies are running a donation drive for employee contributions into the fund and matching those funds (or increasing the match). Some companies also allow for donation of unused Paid Time Off (PTO) into the fund, valued at the day rate of that employee's salary.
 - **Relief Grant Amounts:** The most common cap cited was \$1,500 per employee for the COVID-19 program. Within that, there may be varying tiers of support due to an employee's situation. This amount is likely based off of the federal relief checks of \$1,200 person and is lower than employee relief caps most commonly cited on the calls for natural disasters, which typically max out at \$5,000.
 - **In-House or External:** Companies can either manage the Employee Relief Funds internally or use an outside vendor. While there are many vendors, the most commonly cited vendors on the peer-to-peer calls were [E4E Relief](#) and [Emergency Assistance Foundation](#). The primary reason why companies decide to outsource the management of these funds is to rely on the expertise in the complexity of the funds and minimize the administrative burden on staff. Using a third party also eliminates the risk for self-dealing for corporate foundations. For those companies that manage the funds in-house, it can be a full-time job for a team of 3-4 people to process requests, in partnership with HR.

What are the legal risks of self-dealing with Employee Assistance Funds for COVID-19?

- Employers often seek to help employees who have emergency needs, large and small. Generally, however, all amounts received by an employee from an employer are included in gross income. This is true even if the purpose of the grant is to relieve hardship and made from the company's foundation. The IRS has taken the view that if a private foundation provides hardship relief grants to employees of its sponsoring company *outside the context of a qualified disaster*, the foundation substantially benefits the sponsoring company. The belief is that grants would help employers recruit and retain workers—providing company with a competitive advantage. Additionally, the grants could help employers maintain a stable workforce by enabling employees to return to the job more quickly after an emergency strikes. The IRS regards such grants as self-dealing transactions.
- However, IRC Section 139 allows employers to contribute to employees in the wake of “qualified disasters” in a manner that is tax-free to the recipients. Pursuant to the statute, gross income does not include any amount received by an individual as a qualified disaster relief payment even if paid by employer (directly or through its foundation).
- Corporate Foundations with an EAF need to look at how their fund was set up, and what the parameters for accessing the funds are. Section 139 of the U.S. tax code focuses on disasters under

the Stafford Act; COVID-19, in contrast, is a pandemic and was a presidential declaration of a national emergency. While the language is different, it has been largely interpreted by law firms as being a valid qualifying event triggering the use of EAFs designated for hardship due to national disasters.

- The risk for a corporate foundation is that if it is not declared a disaster, those payments would not be tax-deductible and could count as self-dealing. There have been requests sent to the IRS to clarify.

What are the criteria for who is eligible to receive assistance?

- With the widespread infection rate of COVID-19, many employees may seek to access funds through an EAF. Some companies have limited the fund for someone diagnosed with an illness or who has a family member who tested positive. Other companies have left the fund open for any COVID-19 hardship, such as the economic toll of reduced hours or loss of a spouse's job, for example.
- KPMG resource on EAFs: "KPMG report: Employers providing employee hardship assistance related to coronavirus (COVID-19)": <https://home.kpmg/us/en/home/insights/2020/03/tnf-employers-providing-employee-hardship-assistance-related-coronavirus.html>

Internships

- For employees with year-long internship programs, especially those working with opportunity youth like YearUp and Genysis Works, they will continue to pay interns if they can't work in person.
- Summer internships are in jeopardy, given social distancing. Some companies indicated they are planning to go ahead with the programs but planning for virtual capabilities. Others have canceled their internship programs given the pandemic and working to secure positions at other companies for interns.

Long-term investments

- Companies considered what types of investments would best **support the infrastructure and resiliency of the health care industry** to be prepared for a future pandemic. Suggestions offered included:
 - Strengthening health care infrastructure with a focus on health equity: even before COVID-19, there were racial health disparities. African American and low-income populations are harder hit due to factors such as lack of transportation, access to food, access to care. Funding Federally Qualified Health Centers (FQHC) can keep patients out of the ER and allow them to get care.
 - Matching unemployed people with low skill jobs in health care.
 - Funding STEM middle skill job development with a focus on strong technical skills.
 - Funding data collection in the health care system.
 - Investing in education for medicine and universities training health care workers will be helpful for being more prepared in the future.
 - Working with school systems, health magnet schools and academies to expose students to a career in health care
- **Mental health supports** to address collective PTSD for health care workers on the front lines with COVID-19, as well as community mental health issues related to cascading issues from COVID-19, which include the economic implications of unemployment, and increases in cases of abuse and neglect in quarantine. In addition, mental health supports will be needed for bereavement, since loved ones can't hold funerals during the pandemic, making it difficult for people to grieve and support one another.

COVID-19 Resources from each partnering organization:

- ACCP: [COVID-19 Resources for Corporate Citizenship Professionals](#)
- CECP: COVID-19 Resources [Recap for CEOs](#) and [Recap for CR Leaders](#)
- COF: [COVID-19 Resource Hub](#)
- POL: [COVID-19 Action Plan](#)