Overview

For additional guidance, please refer to Steptoe’s COVID-19 Resource Center.

The Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), signed into law by President Trump on March 27, appropriated $100 billion to the Public Health and Social Services Emergency Fund administered by the Department of Health and Human Services (HHS) specifically for hospitals and healthcare providers. This component of the CARES Act, referred to informally as the “Provider Relief Fund,” was promulgated to assist hospitals and other healthcare providers in their fight against COVID-19 (a so-called “Marshall Plan” for hospitals). The Provider Relief Fund was further expanded today when the president signed the Paycheck Protection Program and Health Care Enhancement Act, which provides an additional $75 billion to the fund.

The first $30 billion in funding to the Provider Relief Fund was allocated to providers based on the proportion of a provider’s share of Medicare fee-for-service reimbursements in 2019. These payments were disbursed automatically to providers, without need for application. Of that amount, $26 billion was distributed on April 10, and an additional $4 billion was provided on April 17.

On April 22, HHS released a new roadmap for the distribution of much of the remaining $70 billion of the original $100 billion allocated to the Provider Relief Fund. The initial $30 billion already distributed on the basis of 2019 Medicare fee-for-service payments will be considered part of a larger $50 billion allocation, which is intended to reflect an allocation based on eligible providers’ 2018 net patient revenue. As a result, this $20 billion will essentially “true up” the initial payments and add additional funds as appropriate to reach a proportional distribution of this $50 billion allocation. On April 24, the additional $20 billion will start to be disbursed automatically to providers based on revenue data already on file with the Centers for Medicare and Medicaid Services (CMS). Providers that do not have adequate cost report data on file with CMS will have to provide revenue data prior to disbursement. Providers will need to provide verification documents upon receipt, as well as a general attestation confirming receipt and terms and conditions of payment. Such terms and conditions include an agreement not to engage in “surprise billing” by seeking collection of out-of-pocket payments from a COVID-19 patient that are greater than would have otherwise been charged if the care had been provided by an in-network provider.

For the remaining $50 billion in the Provider Relief Fund, HHS also announced several “targeted” forthcoming disbursements. Ten billion dollars will be provided to hospitals in areas that have been “particularly impacted by the COVID-19 outbreak,” for example, hospitals serving COVID-19 patients in New York. To access this tranche of funding, hospitals must provide four pieces of information by 3:00 p.m. EST on April 25. The required information consists of:

- Tax identification number
- National provider identifier
- Total number of intensive care unit beds as of April 10
- Total COVID-19 patient days in April 2020
Total number of admissions with a positive diagnosis for COVID-19 from January 1 to April 10

The $10 billion will then be distributed on the basis of this information, although submitting this information will not guarantee funding.

HHS also intends to provide $10 billion exclusively for rural health providers. While details are limited at this time, HHS indicated that these funds may be distributed as quickly as next week, and will be distributed “on the basis of operating expenses, using a methodology that distributes payments proportionately to each facility and clinic.” HHS also will use an operating expenses-based formula to distribute $400 million to Indian health service providers. HHS also plans to provide additional funding to other facilities, such as skilled nursing facilities, dentists, and providers that solely take Medicaid (details forthcoming).

An unspecified amount of the remaining $29.6 billion will be used to cover costs of COVID-19 related treatments for uninsured patients. While the exact amount of these payments is unknown at this time, HHS has provided some guidance, announcing that HHS will reimburse providers for COVID-19 treatment at Medicare rates. The reimbursements will be retroactive to services provided as of February 4, and there will be a claims process for providers that will begin accepting claims in early May, although providers can register beginning April 27.

Practices
Government Affairs & Public Policy