



## HHS Announces Additional Allocations of CARES Act Provider Relief Fund

On March 27, 2020, the President signed the bipartisan CARES Act that provides \$100 billion in relief funds to hospitals and other healthcare providers on the front lines of the coronavirus response. This funding will be used to support healthcare-related expenses or lost revenue attributable to COVID-19 and to ensure that uninsured Americans can get testing and treatment for COVID-19.

In allocating the funds, the Administration is working to address both the economic harm across the entire healthcare system, due to the stoppage of elective procedures, and the economic impact on providers incurring additional expenses caring for COVID-19 patients.

The CARES Act provider Relief Fund [webpage](#) has been updated, outlining how the funds will be distributed.

### **\$50 billion General Allocation**

\$50 billion of the Provider Relief Fund is allocated for general distribution to Medicare facilities and providers impacted by COVID-19, based on eligible providers' 2018 net patient revenue.

- \$30 billion was distributed immediately, proportionate to providers' share of Medicare fee-for-service reimbursements in 2019. On Friday, April 10th, \$26 billion was delivered to bank accounts. The remaining \$4 billion of the expedited \$30 billion distribution was sent on April 17th.
- HHS will begin distribution of the remaining \$20 billion of the general distribution on April 24th to providers with a relatively small share of their revenue coming from Medicare fee-for-service, such as children's hospitals.
- Therefore, many practices receiving funds from the initial \$30 billion distribution will likely receive little, if any, funds from the \$20 billion distribution.
- HHS is changing the formula it uses to allocate the general-distribution funds. Whereas the initial \$30 billion was allocated based on providers' 2019 Medicare fee-for-service revenue, the department will send out the next \$20 billion using a formula that results in the entire \$50 billion being allocated proportionally based on providers' 2018 net patient revenue from all sources.
- This means that providers with relatively low Medicare fee-for-service revenue, will get a substantial increase in relief funds over what they



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**received in the first distribution.** As an example, one large children's hospital received \$233,000 in the initial CARES Act distribution but will receive an additional \$32 million in the next round based on the new formula, according to HHS Secretary Alex Azar on a call with reporters.

- Providers who receive funds from the general distribution must sign an attestation confirming receipt of funds and agree to the terms and conditions of payment and confirm the CMS cost report. **Go [here](#) to sign the attestation and accept the Terms and Conditions.**
  - As a condition to receiving these funds, providers must agree not to seek collection of out-of-pocket payments from a presumptive or actual COVID-19 patient that are greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network provider.

### **\$20.4 billion Targeted Allocations**

#### **Allocation for COVID-19 high impact areas:**

- \$10 billion will be allocated for a targeted distribution to hospitals in areas that have been particularly impacted by the COVID-19 outbreak. As an example, hospitals serving COVID-19 patients in New York, which has a high percentage of total confirmed COVID-19 cases, are expected to receive a large share of the funds.

#### **Allocation for rural providers:**

- \$10 billion will be allocated for rural health clinics and hospitals.
- This money will be distributed as early as next week on the basis of operating expenses, using a methodology that distributes payments proportionately to each facility and clinic

#### **Allocation for Indian Health Service:**

- \$400 million will be allocated for Indian Health Service facilities, distributed on the basis of operating expenses. Indian Country is also being impacted by COVID-19.
- This money will be distributed as early as next week.



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### \$29.6 billion Additional Allocations

- \$29.6 billion in remaining funds will be used for the following purposes:
  - Targeted funding for skilled nursing facilities, dentists, and providers that solely take Medicaid.
  - Possibly an additional round of targeted funding for providers in COVID-19 hot spots.
  - Reimbursing providers for COVID-19 treatment of uninsured patients:

#### **Allocation for treatment of the uninsured:**

- A portion of the \$29.6 billion allocation will be used to reimburse healthcare providers, at Medicare rates, for COVID-related treatment of uninsured patients.
- Every health care provider who has provided treatment for uninsured COVID-19 patients on or after February 4, 2020, can request claims reimbursement through the program and will be reimbursed at Medicare rates, subject to available funding.
- Steps will involve enrolling as a provider participant, checking patient eligibility and benefits, submitting patient information, submitting claims, and receiving payment via direct deposit.
- Providers can register for the program on April 27, 2020 and begin submitting claims in early May 2020. For more information, visit [COVID Uninsured Claims at HRSA.gov](#).
- As a condition, providers are obligated to abstain from "balance billing" any patient for COVID-19-related treatment.

If you have questions, please contact Ed Gaines [egaines@zotecpartners.com](mailto:egaines@zotecpartners.com) or Lonnie Johnson [ljohnson@zotecpartners.com](mailto:ljohnson@zotecpartners.com) .