

\$175 billion Provider Relief Fund in CARES Act

Administered by HHS ([HHS guidance](#))

Updated 06/12/20

NEW ACTION REQUIRED

Background

Congress appropriated \$100 billion in the CARES Act and later an additional \$75 billion to a Provider Relief Fund, to be administered by HHS. The CARES Act specifies the funds can be used for both expenses and lost revenues due to the coronavirus, but not to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. HHS has announced several rounds of allocations as outlined below.

CAPH and other stakeholders have been concerned that funds announced so far are not being adequately targeted to safety net providers and those most impacted by COVID-19. Even funds HHS is targeting by COVID-19 impact do not take into account California's investment in preparation. Our expenses and lost revenues incurred in anticipation of a potential surge are not fully accounted for when distribution is by COVID-19 admissions. CAPH is continuing to monitor distribution of these funds and advocate that they be better targeted to providers that are most impacted by this crisis.

The purpose of this document is to keep you apprised of the latest information on the distribution of funds from this pool, as the information has been changing rapidly, has caused confusion, and leaves some questions unanswered that CAPH is pursuing.

<u>Overview of All Funds</u>		
Funding Description	Amount	PHS eligibility
General (first tranche)	\$30 billion	All PHS
General (second tranche)	\$20 billion	All PHS
High-impact (first tranche)	\$12 billion	PHS with over 100 COVID admissions
High-impact (second tranche)	\$10 billion	TBD, based on COVID admissions
Skilled Nursing Facilities (SNFs)	\$4.9 billion	PHS with SNFs
Safety Net Hospitals	Over \$10 billion	PHS meeting certain criteria
Uninsured testing	Unspecified amount	All PHS
Rural Distribution	\$10 billion	Generally not eligible
Indian Health Services	\$500 million	Generally not eligible
Medicaid & CHIP	\$15 billion	Generally not eligible

General allocation

HHS initially distributed \$30 billion in funds to all providers beginning April 10 based solely on their Medicare FFS payments. On April 22, HHS announced that they would combine this \$30 billion allocation with an additional \$20 billion and override the Medicare FFS distribution methodology. Instead, HHS will now distribute the total \$50 billion based on net patient revenues as reported on the FY 18-19 Medicare cost report. Providers will receive additional payment such that their total payments in this program will be proportional to their net patient revenue, i.e. their initial payment will be reconciled against their total calculated payment.

Providers must sign an attestation form agreeing to certain terms and conditions. For more information, see below. Additionally, after signing the attestation form providers were required to submit the following revenue information through the [General Distribution Portal](#) by June 3 to be considered for additional payment: 1) gross receipts, sales, or program service revenue, 2) estimated lost revenue for March 2020, and 3) estimated lost revenue for April 2020.

High-impact allocation

First tranche

On May 1, HHS began distributing \$12 billion to 395 hospitals who provided inpatient care for 100 or more COVID-19 patients through April 10, 2020 (based on submissions to the targeted data portal that were due April 25). HHS distributed \$10 billion proportionally based on each COVID-19 admission among the 395 hospitals, then additionally distributed \$2 billion to those 395 hospitals based on their care provided to low-income and uninsured patients. Out of 395 hospitals nationally, [13 are in California and received \\$232 million](#) of the \$12 billion allocation.

Second tranche

On June 9, HHS announced a second round of high-impact payments, worth \$10 billion, based on COVID-19 positive admissions from start of day January 1, 2020 to end of day June 10, 2020. [Hospitals must submit this information to the same TeleTracking portal by Monday, June 15th at 6:00 pm.](#) Your system should have received a communication from HHS on June 8 about submitting information to the TeleTracking portal that you previously registered for and used to submit COVID admissions data. HHS will base this distribution on the COVID-19 admissions data it receives, and will also take into account the funding from the prior round of high-impact payments, but has not announced any further details on exactly how they will allocate these funds.

HHS has updated guidance on how to report admissions in its [FAQs](#). Guidance includes:

- You must report the number of COVID-19 positive inpatient admissions occurring within each facility separately, even if they are under a common TIN. Reporting this information is accomplished by using the comma separated values (CSV) document available on the TeleTracking portal.
- HHS further states: “COVID-19 positive inpatient admissions that occur at multiple campuses that share the same TIN for billing purposes should not be rolled-up into one count. You should enter the total COVID-19 positive inpatient admissions for each campus separately using the CSV file option on TeleTracking.”

- Unlike previous guidance, it appears that HHS is now requesting only admissions that test positive, not suspected. Admissions pending positive tests on or before June 10 that come back positive after June 10 cannot be included.
- ED admissions do not count as an inpatient admission.
- HHS says funding from the prior round of targeted payments will be taken into account in making payments under this round.

Skilled Nursing Facilities (SNFs)

On May 22, HHS began distributing \$4.9 billion to SNFs, of which \$356 million went to California SNFs. Each SNF will receive a fixed distribution of \$50,000, plus a distribution of \$2,500 per bed. All certified SNFs with six or more certified beds are eligible for this targeted distribution. Payments are being sent automatically via Optum Bank with “CARES Act SNF Pmt*HHS.GOV” in the payment description; members with SNFs reported receiving these payments beginning May 22.

Safety Net Hospitals

On June 9, HHS announced it would immediately begin distributing just over \$10 billion to safety net hospitals, of which \$1.13 billion will go to 53 providers in California. Hospitals will qualify if they meet the following three criteria based on data pulled by HHS from 2018 Medicare Cost Reports. We believe that all three criteria must be met to qualify.

1. A Medicare Disproportionate Patient Percentage (DPP) of 20.2 percent or greater.
2. Average Uncompensated Care per bed of \$25,000 or more. For example, a hospital with 100 beds would need to provide \$2,500,000 in Uncompensated Care in a year to meet this requirement. We believe “beds” may be limited to acute care beds.
3. Profitability of 3 percent or less, as reported to CMS in its most recently filed Cost Report. We believe this may include “Other Income” as reported on Worksheet G-3, which is problematic for PHS which may report county subsidy or supplemental payments on these lines.

Qualifying hospitals will receive between \$5 - \$50 million, based on their DPP multiplied by beds, as compared to all other qualifying hospitals.

Uninsured testing and treatment

[HRSA is administering](#) a reimbursement program for claims of COVID-19 testing and treatment for the uninsured. A specific amount of funding for this program was not announced. Please see CAPH’s Member Guide: *[COVID-19 Coverage and Reimbursement for the Uninsured](#)* for additional guidance about the HRSA program. The Guide also includes a summary of other reimbursement opportunities for uninsured services (including Medi-Cal, COVID-19 presumptive eligibility, GPP, and FEMA) and important considerations for PHS in braiding these sources together.

Other allocations

In addition to the funds above, HHS allocated \$10 billion to rural hospitals and rural health clinics, of which \$312 million will go to 369 rural providers in California. HHS also allocated \$500 million to Indian Health Services (IHS). **On June 9, HHS announced it will distribute \$15 billion to**

Medicaid and CHIP providers who have not received a payment from the General Distribution. Based on this requirement, all PHS are ineligible for this funding.

Future rounds of funding

At most \$62.4 billion remains in the Provider Relief Fund after currently announced allocations.

Terms and Conditions

HHS requires acceptance of Terms and Conditions through an attestation form for each allocation from the Provider Relief Fund within 90 days of payment. [Full terms and conditions](#) are available from HHS. Each distribution has slightly different but largely similar terms and conditions. HHS will consider providers to have accepted Terms and Conditions if funds are received and not returned.

Each PHS should review the Terms and Conditions and consider signing the attestations through the [attestation portal](#) in order to ensure they are eligible to receive future rounds of funding. Selected terms are highlighted below.

- Provider must certify it will only use payment to prevent, prepare for, and respond to coronavirus
- Provider must certify it will not use payment to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse
- Providers must agree not to seek collection of out-of-pocket payments from a COVID-19 patients greater than what the patient would otherwise have been required to pay if the care had been provided by an in-network provider
- Provider must certify it currently provides diagnoses, testing, or care for individuals with possible or actual cases of COVID-19

HHS will provide future guidance about how providers will be required to submit documentation to meet reporting requirements in the Terms & Conditions.

Use of Funds

HHS is periodically updating its Provider Relief Fund [FAQs](#). In the FAQs, HHS specifies what expenses or lost revenues attributable to coronavirus are considered eligible for reimbursement.

According to HHS, eligible expenses may include:

- supplies used to provide healthcare services for possible or actual COVID-19 patients;
- equipment used to provide healthcare services for possible or actual COVID-19 patients;
- workforce training;
- developing and staffing emergency operation centers;
- reporting COVID-19 test results to federal, state, or local governments;

- building or constructing temporary structures to expand capacity for COVID-19 patient care or to provide healthcare services to non-COVID-19 patients in a separate area from where COVID-19 patients are being treated; and
- acquiring additional resources, including facilities, equipment, supplies, healthcare practices, staffing, and technology to expand or preserve care delivery

Funds to cover lost revenue may be used for ongoing costs, according to HHS this could include:

- Employee or contractor payroll
- Employee health insurance
- Rent or mortgage payments
- Equipment lease payments
- Electronic health record licensing fees

Summary Table

Funding Description and Amount	Deadlines/Action required	Timeline for payment	Distribution method	Terms and Conditions
<p>General (first tranche) \$30 billion</p>	<p>Sign attestation within 90 days of payment (see right)</p>	<p>Began April 10 by direct deposit</p>	<p>In proportion to providers’ total Medicare FFS reimbursements, but will be adjusted as noted in the second tranche below</p>	<p>HHS requires acceptance of Terms and Conditions through an attestation form for <u>each</u> allocation from the Provider Relief Fund within 90 days of payment.</p>
<p>General (second tranche) \$20 billion</p>	<p>Sign attestation within 90 days of payment (see right)</p> <p>Providers were required to submit the following revenue information through the General Distribution Portal by June 3 to be considered for additional payment: 1) net patient revenue, 2) estimated lost revenue for March 2020, and 3) estimated lost revenue for April 2020.</p>	<p>Began April 24 by direct deposit, then “weekly, on a rolling basis, as information is validated”</p>	<p>HHS will combine with the first round for a total \$50 billion pool to be distributed based on net patient revenue as reported on the FY 18-19 Medicare cost report. This will override the previous distribution. Providers will receive additional payment such that all payments together are proportional to net revenue.</p>	<p>Full terms and conditions are available from HHS. Each distribution has slightly different but <u>largely</u> similar terms and conditions. HHS will consider providers to have accepted Terms and Conditions if funds are received and not returned.</p>
<p>High-impact based on COVID-19 admissions (first tranche) \$12 billion</p>	<p>Sign attestation within 90 days of payment (see right)</p> <p>Providers previously submitted data to Teletracking portal by noon (PT) on April 25</p>	<p>Began May 1</p>	<p>To hospitals who provided inpatient care for 100 or more COVID-19 patients through April 10, 2020. Out of 395 hospitals nationally, 13 are in California and received</p>	<p>Each PHS should review the Terms and Conditions and consider signing the attestations through the attestation portal in order to ensure they are eligible to receive future rounds of funding.</p>

			\$232 million of the \$12 billion allocation.
<p>High-impact based on COVID-19 admissions (second tranche) \$10 billion</p>	<p>Submit COVID-19 positive admissions from start of day January 1, 2020 to end of day June 10, 2020 to the same Teletracking portal by <u>Monday, June 15th at 6:00 pm.</u></p> <p>See more guidance in HHS FAQs, excerpted above.</p> <p>Sign attestation within 90 days of payment (see right)</p>	TBD	<p>HHS will base this distribution on the COVID-19 admissions data it receives, and will also take into account the funding from the prior round of high-impact payments, but has not announced any further details on exactly how they will allocate these funds.</p>
<p>Skilled Nursing Facilities (SNFs) \$4.9 billion</p>	<p>Sign attestation within 90 days of payment (see right)</p>	Began May 22	<p>Each SNF with six or more certified beds will receive a fixed distribution of \$50,000, plus a distribution of \$2,500 per bed.</p>
<p>Safety Net Hospitals Over \$10 billion</p>	<p>Sign attestation within 90 days of payment (see right)</p>	Beginning June 9	<p>Hospitals will qualify if they meet three criteria based on data pulled by HHS from 2018 Medicare Cost Reports. Please see above for more information.</p> <p>Qualifying hospitals will receive between \$5 - \$50 million, based on their DPP multiplied by beds, as</p>

			compared to all other qualifying hospitals.	
Uninsured testing Unspecified amount (Administered by HRSA)	Claims submission currently open	Began Mid-May	Reimbursement for claims of COVID-19 testing and treatment for the uninsured	Please see CAPH's Member Guide: <u>COVID-19 Coverage and Reimbursement for the Uninsured</u> for additional guidance about the HRSA program. The Guide also includes a summary of other reimbursement opportunities for uninsured services (including Medi-Cal, COVID-19 presumptive eligibility, GPP, and FEMA) and important considerations for PHS in braiding these sources together.

Future rounds of funding

- At most \$62.4 billion remains in the Provider Relief Fund after currently announced allocations

Other CARES Act funds for which PHS are generally not eligible, not in table above

- \$10 billion for rural hospitals and rural health clinics
- \$500 million to Indian Health Services (IHS)
- \$15 billion to Medicaid and CHIP providers who have not received a payment from the General Distribution