

COVID-19 Federal Stimulus Packages: Impact on Providers

Updated May 12, 2020

Overview

The [Paycheck Protection Program and Health Care Enhancement Act](#) – a follow up stimulus package to the CARES Act – was signed into law on April 24th. Most notably (at least from providers' perspective), **the Act adds another \$75 billion in emergency relief funding to the “CARES Act Provider Relief Fund” to help health delivery organizations “prevent, prepare for, and respond to coronavirus.”** Note that the \$75 billion is *in addition* to the \$100 billion that was appropriated under the CARES Act, bringing the total to \$175 billion.

In related news, HHS released [further details](#) on how it will distribute more of the emergency funding from the “CARES Act Provider Relief Fund” (see chart below). The first round of \$30 billion in payments was distributed between April 10th and April 17th to providers *automatically* based on 2019 Medicare FFS reimbursement. HHS announced that a *second* “General Distribution” round of \$20 billion began on April 24th – but unlike the first round, **many providers will need to submit an application in order to receive the additional funding.** See [this FAQ](#) for details.

HHS also announced a series “Targeted Allocations,” such as **\$12 billion for providers in “COVID-19 high impact areas”** and **\$10 billion for rural providers.** Additionally, a portion of the Provider Relief Fund will also be used to “reimburse healthcare providers for COVID-related treatment of the uninsured.” See chart below for all major allocations announced to date. (Note that detailed plans for the *remaining* funding – including the \$75 billion just added by Congress – have not been announced yet by HHS.)

Summary of Allocations Announced by HHS (to Date) from the “CARES Act Provider Relief Fund”

Updated on 5/12/20

Type of Allocation	Total	Details	Action Required for Relief Payment
General Distribution Round 1 Distributed 4/10 – 4/17	\$30B	<ul style="list-style-type: none"> No application required; payments automatically distributed Amount proportionate to provider's 2019 Medicare FFS reimbursement 	<ul style="list-style-type: none"> Providers must sign attestation within 45 days of receiving the payment agreeing to the terms and conditions
General Distribution Round 2 Distribution began on 4/24	\$20B	<ul style="list-style-type: none"> On 4/24, some providers were automatically sent a <i>second</i> payment based on Medicare cost report data Application required for any Medicare provider for whom HHS did <i>not</i> have adequate cost report data on file Any provider who received a General Distribution payment prior to 4/24 @ 5pm ET is eligible to apply (see FAQ) 	<ul style="list-style-type: none"> Providers <i>without</i> adequate cost report data on file must submit an application via portal in order to receive a portion of the \$20B in additional General Distribution funding Providers who received additional funding <i>automatically</i> still need to submit revenue data via the portal so it can be verified Providers must agree to the terms and conditions within 45 days of receiving payment

Type of Allocation	Total	Details	Action Required for Relief Payment
Targeted Allocation: <i>COVID-19 High Impact Areas Distributed in early May</i>	\$12B	<ul style="list-style-type: none"> Application required to be eligible for payment HHS used data it received to distribute targeted funding to where “impact from COVID-19 is greatest” 	<ul style="list-style-type: none"> Application deadline was Saturday 4/25 – but per HHS, eligible hospitals were contacted directly in advance Providers must agree to the terms and conditions within 45 days of receiving payment
Targeted Allocation: <i>Treatment of the Uninsured Distribution begins on 5/18</i>	TBD	<ul style="list-style-type: none"> Any provider who has provided treatment for uninsured COVID-19 patients <i>after 2/3/20</i> can request claims reimbursement, subject to available funding 	<ul style="list-style-type: none"> Providers required to register for the program and must submit claims electronically (details here) Provider portal for electronic claims submission is now open
Targeted Allocation: <i>Rural Providers Distribution began on 5/1</i>	\$10B	<ul style="list-style-type: none"> No application required; payments automatically distributed Payment amount based on operating expenses 	<ul style="list-style-type: none"> Providers must agree to the terms and conditions within 45 days of receiving payment

Note: Per HHS, “there are some providers who will receive further, separate funding, including skilled nursing facilities, dentists, and providers that solely take Medicaid.”

Impact Advisors' Point of View

The inclusion of another \$75 billion in COVID-19 emergency relief funding is definitely welcome news for hospitals, health systems, and physician practices in these extremely challenging times. It is worth noting that there is no way for providers to accurately estimate how *much* of that funding their organization will ultimately receive though. In fact, the wide variety of different allocations announced thus far for the *original* \$100 billion (see chart above) **underscores just how much leeway HHS has in terms of the process and priorities for distributing relief payments to health delivery organizations.** This will be the case as well for the \$75 billion that was added by the Paycheck Protection Program and Health Care Enhancement Act, as the language appropriating that additional funding is virtually identical to the language in the CARES Act that appropriated the initial \$100 billion. **In other words, providers will need to continue to keep a close eye on [announcements from HHS](#), especially since applications may be required for future distributions.**

There is no question that providers desperately need access to this emergency funding – and quickly. With HHS rushing to allocate such a massive amount of money in an extremely short period of time though – and without much in the way of guidance from Congress in either Act – **the reality is that the overall distribution will likely be imperfect (at best).** In addition to the [mistakes](#) and public scrutiny that will inevitably result from such a rushed process, it is also worth noting that HHS can – and almost certainly *will* – conduct audits. **This means that even though these are “payments,” providers still need to carefully review the [specific terms and conditions](#) associated with any money they receive from a given distribution from the [Provider Relief Fund](#) – and ensure that the right supporting documentation and reports are in place in the event of an audit.**