

FINANCIAL ASSISTANCE FOR HEALTH CARE PROVIDERS

Congress has passed several laws that provide significant financial assistance specifically for health care providers to respond to the COVID-19 pandemic, including most recently the *American Rescue Plan*. The *American Rescue Plan* includes the following assistance for health care providers.

WHAT IS NEW IN THE AMERICAN RESCUE PLAN

The American Rescue Plan includes \$8.5 billion for rural health providers and \$7.6 billion for community health centers. The Native Hawaiian Health Care Systems will receive \$20 million.

Provider Relief Fund – Health Care Provider Grant Program

The *American Rescue Plan* includes \$8.5 billion for rural health providers. In addition, the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* provides \$100 billion, the *Paycheck Protection Program and Health Care Enhancement Act* provides \$75 billion, and the *Coronavirus Response and Relief Supplemental Appropriations Act of 2021* (COVID relief law) provides \$3 billion in grants to health care providers to reimburse for health care related expenses or lost revenues that are attributable to the coronavirus. The Department of Health and Human Services (HHS) is distributing these grants through the Provider Relief Fund (PRF).

The COVID relief law also requires that PRF payments made prior to September 19, 2020, must be calculated using the Frequently Asked Question guidance released by HHS on June 19, 2020. This ensures that the definition of lost revenue is based on any revenue that a provider lost due to coronavirus. The legislation also clarifies that PRF payments can be used for staffing and allows health systems to move targeted PRF distributions within their system.

More information about how HHS is distributing this funding is available on the HHS [website](#).

Use of funds

- Funds may be used for all non-reimbursable expenses attributable to coronavirus. These funds may not be used to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.
- Even if qualified expenses are eligible for reimbursement from another mechanism, an entity may still apply for funding from this fund while simultaneously applying for funding from other sources.
 - However, should an entity subsequently receive reimbursement for expenses from any other source after receiving funding for the same expenses from this fund, **the entity will be required to re-pay the funding it received from this fund.**
- The funds may be used for building or construction of temporary structures, leasing of properties, medical supplies and equipment (including PPE and testing supplies), increased workforce and trainings, emergency operation centers, retrofitting facilities, and surge capacity.

Community Health Centers

The *American Rescue Plan* includes \$7.6 billion for community health centers for the prevention, diagnosis, and treatment of coronavirus. Of this amount, \$20 million will be awarded to Papa Ola Lokahi and the Native Hawaiian Health Care Systems. In addition, the *CARES Act* provided \$1.32 billion and the *Coronavirus Preparedness and Response Supplemental Appropriations Act* provided \$100 million to community health centers. Community health centers are also eligible for grants described above.

Increased Medicare Payments

The *CARES Act* and the COVID relief law increase Medicare payments in the following ways:

- Under the Medicare Inpatient Prospective Payment System, for any discharges of an individual diagnosed with COVID-19 occurring during the coronavirus public health emergency, the weighting factor that would otherwise apply to the diagnosis-related group (DRG) is increased by 20 percent.
- The *CARES Act* exempts Medicare payments from the two percent payment reduction under sequestration from May 1, 2020 to December 31, 2020, and the COVID relief law extended this relief until March 31, 2021.
- The *CARES Act* delays reductions in Medicare payments for durable medical equipment and clinical diagnostic laboratory tests.
- The COVID relief law increases payments for all services under the Medicare Physician Schedule by 3.75 percent for 2021.

Medicare Accelerated/Advance Payment Program

The *CARES Act* expanded the existing Medicare Accelerated/Advance payment program to ensure a reliable and stable cash flow for hospitals and other providers. Qualified facilities—acute care hospitals, critical access hospitals (CAHs), children’s hospitals, and prospective payment system-exempt cancer hospitals—were able to request accelerated Medicare payments for inpatient hospital services. Rather than waiting until claims have been processed to issue payment, Medicare worked with qualified hospitals to estimate their upcoming payments and give that money to the hospital in advance.

On April 26, 2020, CMS announced the pause of the Accelerated Payments Program and the suspension of the Advance Payments Program, although CMS continued to accept applications from providers as they related to the COVID-19 PHE. As of October 8, CMS is no longer accepting applications for accelerated or advance payments as they relate to the COVID-19 PHE.

The *Continuing Appropriations Act, 2021 and Other Extensions Act* amended the repayment terms for all providers and suppliers who requested and received accelerated and advance payments during the PHE.

- Providers were originally required to make payments starting in August of this year, but repayment is now delayed until one year after payment was issued.
- After that first year, Medicare will automatically recoup 25 percent of Medicare payments otherwise owed to the provider or supplier for eleven months.
- At the end of the eleven-month period, recoupment will increase to 50 percent for another six months.

- If the provider or supplier is unable to repay the total amount during this time-period, CMS will issue letters requiring repayment of any outstanding balance, subject to an interest rate of four percent.

A fact sheet is available [here](#) and FAQs [here](#).

Mortgages for Health Care Facilities

The COVID relief law authorizes the Department of Housing and Urban Development to insure mortgages under the Section 223(d) Operating Loss Loan Program to cover the operating losses of health care facilities that are already insured under the Section 232 and 242 mortgage insurance programs and that were financially sound immediately prior to the COVID-19 pandemic.

Additional information

In addition, health care workers and providers may be eligible for assistance for unemployment insurance and small businesses. Small businesses and 501(c)(3) non-profit organizations, including hospitals, health systems, and health care providers, are eligible to apply for the Small Business Administration's [Paycheck Protection Program](#). Other assistance includes the [Economic Injury Disaster Loan and Emergency Grant Program](#), the [Small Business Debt Relief Program](#), and [unemployment insurance](#). For more information, visit Senator Schatz's [website](#).