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Financial aid and resources for hospitals and health care providers

Last Updated: April 28, 2020
[updates noted below]

Hospital and health care providers have several opportunities to seek and receive financial assistance in responding to the COVID-19 pandemic. As providers plan for operations following this pandemic, they should consider leveraging resources allocated to the industry through various pieces of federal and state legislation.

Federal legislation

☑ Public Health & Social Services Emergency Fund (CARES Act)

- Who receives: Medicare-participating hospitals, physicians and other health care providers
- Automatically paid; no application needed
- Initial payments were disbursed beginning April 10, 2020 – calculated to be 6.2% of that provider's 2019 Medicare fee-for-service revenue (total of $30 billion nationally)
- Attestation due in 30 days from payment – agreeing to terms and conditions, such as:
  - Provided diagnosis, testing or care for possible or actual cases of COVID-19 after January 31, 2020
  - Payment may only be used "to prevent, prepare for, and respond to coronavirus and shall reimburse the Recipient for health care related expenses or lost revenues that are attributable to coronavirus"
  - For any recipients receiving at least $150,000 in aid from any of the three federal stimulus bills enacted in response to the COVID-19 pandemic, detailed reports are due by the tenth day following the end of each calendar quarter (July 10, 2020, being the first) that describe the amount of funds received and how the funds were used, as well as other reporting requirements that may later be required by the Department of Health and Human Services (HHS)
- The attestation can be accessed through the CARES Act Provider Relief Fund portal.
- The remaining $70 billion authorized under this relief fund will be distributed based on yet-to-be-determined criteria, with a focus on "providers in areas particularly impacted by the COVID-19 outbreak, rural providers, providers of services with lower shares of Medicare reimbursement or who predominantly serve the Medicaid population, and providers requesting reimbursement for the treatment of uninsured Americans." Payments for uninsured Americans will be at Medicare rates.

  [4/23/2020 Update from HHS fact sheet issued 4/22/2020]
  - $20 billion will be disbursed beginning April 24, 2020, based on Medicare cost report data on 2018 net patient revenues

- $10 billion will be disbursed to hospitals particularly impacted by the COVID-19 pandemic (New York hospitals were cited as an example) based on information that must be submitted through a portal operated by an HHS vendor TeleTracking by ***11:59 p.m. on April 23, 2020*** – only four pieces of information are requested: TIN; NPI number; total number of ICU beds as of April 10, 2020; total number of COVID-19 positive admissions from January 1, 2020 to April 10, 2020
- $10 billion will be allocated to rural health clinics and rural hospitals based on operating expenses beginning the week of April 27, 2020
- $400 million will be allocated to Indian Health Services facilities
- The remainder will be used to make payments to health care providers for COVID-related treatment of patients without insurance – providers must register for reimbursement through this program. The portal for submitting claims for reimbursement for testing and treatment of the uninsured opened on April 27, 2020. Health care providers can begin submitting claims electronically beginning May 6, 2020. Claims reimbursements should be received beginning in mid-May.

☑ Accelerated and Advanced Payment Program (CARES Act)

- Who is eligible: Medicare-participating hospitals, physicians, and other health care providers and suppliers
- For hospitals, the payment is an acceleration of claims the hospital expects to submit and serves as a loan that has to be repaid to CMS within one year. (Note: This program existed before the COVID-19 pandemic but is modified for hospitals and expanded to other provider types for the duration of the pandemic.)
- To apply, providers must request an amount from their Medicare Administrative Contractor on forms provided:
  - For hospitals, the maximum amount that can be requested is equal to the total amount paid by Medicare for the six-month period from July 1, 2019, to December 31, 2019
  - For critical access hospitals, the maximum amount that can be requested is 125% of the same calculation used by hospitals
  - For specialty hospitals (e.g., LTACs, rehab and psychiatric hospitals), the maximum amount that can be requested is equal to four months of paid claims from October 1, 2019, to December 31, 2019.
- Beginning 120 days after receiving the accelerated payment, CMS will automatically recoup amounts paid through a 100% offset of new claims entitled to be paid. Any balance remaining must be repaid within one year for hospitals and within 210 days for all other provider types and suppliers.
- On April 9, 2020, CMS reported that it had received 32,000 requests for accelerated or advanced payments, of which 21,000 have already been approved and for which $51 billion had already been paid.

☑ Increased COVID-19 Case Reimbursement (CARES Act)

- Who receives: Medicare-participating hospitals, LTACs and inpatient rehabilitation facilities
- 20% increase in the weighting factor used to calculate per-case reimbursement for individuals diagnosed with COVID-19
  - Indicated by a required ICD-10 code at discharge
  - Different code for cases before April 1, 2020, versus after April 1, 2020
- Certain requirements on LTACs and inpatient rehab facilities waived during pandemic event (e.g., site neutral payment adjustment, 15-hour per week therapy requirement, etc.)
- Claims received April 20, 2020, or earlier will be automatically reprocessed.

☑ Suspension of Medicare Sequestration Cut (CARES Act)

- Who is eligible: Medicare-participating hospitals, physicians, and other health care providers and suppliers
- Since 2013, Medicare has imposed a 2% reduction on all Part A and Part claims payments, known as "sequestration cut."
- For claims with dates of service of May 1, 2020, through December 31, 2020, the cut is suspended.

☑ COVID-19 Telehealth Funding Program (CARES Act)

- Who is eligible: Non-profit and public health care providers, including hospitals, skilled nursing facilities, rural health clinics, community health centers, community mental health centers, local health departments, medical schools and teaching hospitals
- Funding available to cover services and equipment purchased after March 13, 2020, to respond to the pandemic, including:
  - Telecommunications services and broadband connectivity services for providers and their patients
  - IT for remote patient monitoring platforms and services, store and forward services, and platforms and services to provide synchronous video consultation
  - Internet-connected devices and equipment to receive connected care services at home
  - Services with monthly recurring charges, such as broadband connectivity or remote patient monitoring services, are covered through September 30, 2020.
- Four-step application process:
  1. Obtain an eligibility determination from the Universal Service Administrative Company.
  2. Obtain a Federal Communications Commission Registration Number.
  3. Apply for the COVID-19 Telehealth Program though the FCC portal that opened April 13, 2020.
  4. Register with System for Award Management.
- The funding will continue until the $200 million appropriated by Congress is disbursed.

☑ Main Street Lending Program (CARES Act)

- Who is eligible: Any business with up to 10,000 workers or with revenues of less than $2.5 billion. Businesses that receive SBA loans may also receive Main Street Lending Program loans.
- Four-year maturity; principal and interest payments deferred for one year
- No security required
- Minimum loan size is $1 million; maximum loan size is $25 million for new loans and $150 million for increases to existing loans
- Applications are not yet available; comments on rules were being taken through April 16, 2020

☑ Medicaid Disproportionate Share Hospital Adjustment Cut Delays (CARES Act)

- Who is impacted: Medicaid-participating hospitals
- When the Affordable Care Act was passed, cuts were planned for the Medicaid disproportionate share hospital (DSH) payments under the assumption that there would be greater coverage under Medicaid and less uninsured patients. Multiple pieces of legislation have delayed the cuts to the Medicaid DSH payments each year, until this year. The cuts were scheduled to begin on May 23, 2020.
- The CARES Act eliminated the cut planned for 2020 ($4 billion) and reduced the cut planned for federal fiscal year 2021, beginning October 2020, from $8 billion to $4 billion. Finally, implementation of the FFY 2021 cuts were delayed by two months to December 1, 2020.

☑ Paycheck Protection Program (CARES Act)

- On April 16, 2020, the SBA announced that all available funding has been claimed.
- On April 24, 2020, the Paycheck Protection Program and Health Care Enhancement Act was signed into law and made an additional $310 billion available to small businesses.
- Who is eligible: Any business with up to 500 employees; certain other affiliation and limitations may affect eligibility
- Loan of up to $10 million calculated based on payroll costs through June 30, 2020, forgivable under certain conditions, including keeping workforce employed
- No security required

- Applications became available April 3, 2020; must apply through an SBA lender
- The SBA will begin accepting applications for the additional $310 billion, effective 10:30 a.m. EDT on Monday, April 27th.

☑ Public Health & Social Services Emergency Fund (The Paycheck Protection Program and Health Care Enhancement Act)

- When: Signed into law on April 24, 2020. Awaiting instructions from the Secretary of HHS as to how additional funds will be processed and administered.
- How much: Authorizes and appropriates an additional $75 billion under the Public Health and Social Services Emergency Fund for eligible health care providers to prevent, prepare for and respond to COVID-19.
- Who is eligible: Public entities and Medicare and Medicaid providers and suppliers that provide diagnoses, testing, or care for individuals with possible or actual cases of COVID-19 and have a valid tax ID number.
- What can the money be used for: Health care related expenses or lost revenues that are attributable to COVID-19, including building or construction of temporary structures, leasing of properties, medical supplies and equipment (including PPE), testing supplies, increased workforce trainings, emergency operation centers and surge capacity.
- How are funds obtained: Eligible health care providers submit an application to the Secretary of HHS that includes a statement justifying the need of the provider for the payment (As of April 24, 2020, HHS has not yet established the application process)
- What does receipt of funds require: Fund recipients will be required to submit reports and maintain documentation that the Secretary determines are necessary and in such form as the Secretary prescribes
- In addition to the $75 billion in funding described above, an additional $25 billion is appropriated and authorized for necessary expenses to research, develop, validate, manufacture, purchase, administer and expand capacity for COVID-19 tests to effectively monitor and suppress COVID-19. Of the additional $25 billion, $11 billion is reserved for states, localities, territories, tribes and tribal organizations.

Ohio programs and legislation

☑ Variable Rate Demand Obligation (VRDO) Stabilization Program

- Who is eligible: A health system whose debt is rated in the three highest categories by at least one nationally-recognized rating agency or otherwise be a lawful investment of state interim funds under the Ohio Revised Code.
- Allows up to $900 million to be invested by the state to stabilize hospitals' short-term debt.
- Hospitals can request the Ohio Treasurer to submit bids for up to $100 million of VRDOs per qualifying institution at a rate of 2% for the remainder of the declared emergency.
- Because traditional investors in VRDOs are selling their investment interests to raise cash given uncertain market conditions, interest rates have sharply increased (in some cases with hospitals paying as high as 8%). The program provides rate stabilization for hospitals and, in turn, a dramatic savings in their borrowing costs.

☑ Increased Medicaid Funding for Designated Community Providers (Amended Substitute House Bill 197)

- Who is eligible: Providers designated as "community providers" by the Ohio Medicaid Director during the COVID-19 emergency (as declared by the Ohio Governor or until December 1, 2020, whichever is earlier). As of April 20, 2020, the Ohio Medicaid Director has not issued a designation as to who qualifies as a "community provider."

- H.B. 197 authorizes additional Medicaid funding to be furnished to designated "community providers" from previously allocated Medicaid appropriations. It also authorizes the Medicaid director to request the state's budget director to allocate additional dollars for the COVID-19 relief effort to use in compensating community providers.

☑ Expanded Medicaid Telehealth Reimbursement (Ohio Department of Medicaid and Ohio Department of Mental Health and Addiction Services Emergency Rules issued pursuant to Ohio Executive Order 2020-05D)

- Significantly expands the opportunity for Medicaid beneficiaries to receive, and Medicaid-participating providers to bill and be reimbursed for, telehealth services during the declared state of emergency, including:
  - Receiving telehealth services regardless of where the patient is located (with limited exceptions) and regardless of whether the patient has a previously established relationship with the telemedicine services provider.
  - Furnishing telehealth services through a variety of technologies, including FaceTime, Skype and technologies that do not enable synchronous communication (e.g., audio and video at the same time), such as teleconferencing.
  - Broadening the type of health care professionals who are able to furnish and receive reimbursement for telehealth services.
  - Expanding the type of services that can be furnished and billed through telehealth.

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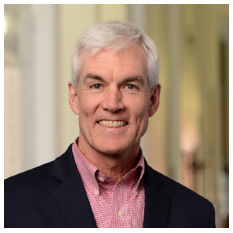

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