



## COVID-19 Update: Health care provisions of the federal stimulus bill

March 27, 2020

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) has several implications for hospitals and health care providers. Key provisions of this federal stimulus bill include:

**Funding:** \$100 billion is provided to the Public Health and Social Services Emergency Fund for eligible health care providers (Medicare and Medicaid providers and public entities) for expenses or lost revenues, not otherwise reimbursed, that are attributable to COVID-19. Funding is also provided for community health centers, HRSA grants for telehealth and HRSA grants for rural health care.

**Medicare payment provisions:** Several changes were made to Medicare payment requirements.

- **Advanced Medicare payments:** During the COVID-19 emergency period, hospitals (expanded to include children's hospitals, cancer hospitals and Critical Access Hospitals (CAH)) can get advanced payment equal to 100 percent (rather than 70 percent previously available under the advanced payment program), or 125 percent for CAHs, of what hospitals would otherwise receive for inpatient services. Hospitals can also delay longer the repayment and reconciliation of the advanced payments.
- **Suspension of two percent sequestration reduction** from May 1, 2020, through December 31, 2020.
- **Diagnosis Related Group (DRG) add-on:** By increasing the weighting factor for the DRG applicable to a COVID-19 diagnosis by 20 percent, Medicare payments increase for COVID-19 patients for the duration of the COVID-19 emergency period.

**Medicaid payment provisions:** Eliminates Medicaid Disproportionate Share Hospital cuts in the current federal fiscal year and

reduces and delays next year's cuts.

**Telehealth - Added flexibility:** A prior COVID-19 bill that increased the availability of telehealth limited it to those situations in which patients had been seen by the physician or group within the past three years. That limitation is removed. Also, for home dialysis and hospice patients, the face-to-face physician and/or nurse requirements may be done via telehealth during the COVID-19 emergency period.

**Telehealth - Medicare coverage for FQHCs and Rural Health Clinics:** Telehealth services are allowed to be provided by Federally Qualified Health Centers (FQHCs) and rural health clinics during the COVID-19 emergency period with Medicare reimbursement.

**Part 2 confidentiality requirements aligned with HIPAA:** The sharing of health information for substance use disorder patients covered under Part 2 is more closely aligned with HIPAA. This legislation allows Part 2 information to be disclosed by covered entities and business associates for treatment, payment and health care operations. However, unlike the HIPAA regulations, prior consent from the patient is required for such disclosures. Health care providers have been asking for greater conformity between these rules for a long time.

**PHI sharing during the public emergency:** Requires the Department of Health and Human Services to issue regulations within six months on what protected health information (PHI) is allowed to be shared during the emergency.

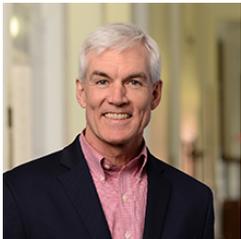
**Post-acute transfers of non-COVID-19 patients:** During the COVID-19 emergency period, the rules for prior hospital stays and services are relaxed to allow earlier transfer of patients to inpatient rehab facilities and long-term care hospitals. The site neutrality limitation is also lifted during the emergency period.

**PA and NP orders for home health services:** Physician assistants and nurse practitioners are allowed to order home health services for Medicare beneficiaries.

**COVID testing coverage:** Insurers are required to cover COVID-19 testing without cost-sharing and related diagnostic testing paid at the contracted rates or, if there is no contract, at the provider's posted rate.

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