

# CLIENT ALERTS

## Next Round of HHS CARES Act Provider Relief Fund Payments

4.29.2020

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") included \$100 billion in Provider Relief Funds (PRF) to healthcare providers, to be released in several phases by the Department of Health and Human Services (HHS). These payments are not loans and do not have to be repaid if certain requirements are met.

The overall PRF program is described in our Client Alert of April 14, 2020. It consists of \$50 billion in "general distribution" funds distributed in two tranches, plus \$50 billion in "targeted distributions" for certain special categories of providers.

PRF general distributions consist of:

- An initial \$30 billion released on April 10 and April 17 by automatic payments to Medicare providers (based on a formula of Medicare fee-for-service reimbursements in 2019). These are subject to certain attestation and acceptance requirements described in our Client Alert of April 16, 2020.
- Another \$20 billion announced April 20, with payments that began Friday, April 24, and will be made on a weekly basis. These payments are based on overall provider net patient service revenue, and thus can cover receipts from other than fee-for-service payments (e.g., Medicare Advantage). These will be calculated from cost report data if applicable, or on information that eligible providers supply via the HHS General Distribution Portal <https://covid19.linkhealth.com/docuSign/#/step/1>.

PRF targeted distributions will include:

- Funds to reimburse providers for COVID-19 related treatment to uninsured patients since February 4, 2020. Providers must first register for the program (registration is open now at <https://www.hrsa.gov/coviduninsuredclaim>), and then submit claims beginning early May. Providers will be reimbursed at

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Medicare rates, and must agree not to balance-bill patients.

- \$10 billion allocated to hospitals for COVID-19 high-impact areas; \$10 billion allocated to rural health clinics and hospitals; and \$400 million allocated to Indian American Health Services facilities.
- Additional funds will be made available to skilled nursing facilities, dentists, and Medicaid providers; these are yet to be determined and announced by HHS.

### What providers should pay attention to:

- As described in our earlier alerts, providers who receive general distribution funds in the first wave of funding must make certain attestations and accept HHS Terms & Conditions *within 30 days of receipt of funds*, so the clock is already running on the time for action.
- Providers who receive general distribution funds in the second wave of funding also have to confirm certain items and accept Terms & Conditions, and may have to submit or confirm cost report data, so again the clock is running.
- Providers who want to apply to reimbursement for uninsured services should act ASAP to register, and should begin compiling billing data to be ready to submit claims as soon as HHS allows.
- Providers who may be eligible for one of the other targeted categories should be alert to future HHS announcements.
- All providers receiving funds should understand that they will be subject to compliance, tracking, reporting, and potential audit requirements, and so should work with their accountants and billers to assure information is appropriately documented and maintained. As we have noted before there are some strings attached to “no strings attached” money; it’s safest to act if you expect to be audited and maintain records accordingly.

Because the HHS announcements and payments have come very rapidly, there will likely be additional guidance and clarification issued by HHS. Finally, there are some other relief programs not described in this alert, including the Accelerated and Advance Payment Program, and an additional \$100 billion in relief funding that came from supplemental legislation signed April 24 targeted to hospitals and certain testing and research programs, including allocations to state and local governments and to some other federal agencies. We are working to keep abreast of HHS provider program changes and guidance.

For more information on the PRF and other programs, please contact the authors of this alert or any member of the Butzel Long Healthcare Industry Team. For more information resources on all COVID-19 related legislation, programs, and orders from both federal and state authorities, see the Butzel Long Coronavirus Resource Center.

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