THORN RUN PARTNERS
GOVERNMENT RELATIONS

Memorandum *April 2, 2020*

COVID-19 Relief for Hospitals and Providers

Introduction

Through three COVID-19 relief packages, Congress has delivered support for hospitals and providers at the front lines of the COVID-19 pandemic. The COVID-19 legislation provided greatly expanded flexibilities for providers to operate through the COVID-19 pandemic, as well as increased economic aid for those financially impacted by the virus. Perhaps the greatest direct relief from Congress came via access to $100 billion in grants to reimburse eligible health care providers for health care-related expenses or lost revenues not otherwise reimbursed that are directly attributable to COVID-19. Additionally, the third package provides $250 million for the Hospital Preparedness Program. Other provisions in the three relief packages benefiting health care providers have included greatly expanded telehealth capabilities and reimbursement for providers; mandates for covered testing, therapies, and vaccines; funding to expand and protect the health care workforce; delay of disproportionate share hospital (DSH) allocation reductions; and more.

Hospitals and providers have responded positively to the support from Congress, with the American Hospital Association thanking the "leadership of Majority Leader McConnell and Democratic Leader Schumer in recognizing the absolutely critical role of hospitals and health systems, and our dedicated front line caregivers, in responding to the COVID-19 pandemic." Hospitals and providers have cautioned that although the combined relief efforts of the past three packages will help their response to the pandemic, Congress should ensure providers remain prioritized for future federal assistance as COVID-19 spreads.

Coronavirus I

The Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (H.R. 6074) focused on preparedness and response efforts to the growing COVID-19 threat in the U.S. Although few provisions explicitly focus on aid for health providers, expanded telehealth flexibilities ensure providers can safely administer care and expanded disaster loan availability may assist smaller providers with Coronavirus-related economic stress. Details on the provider-related provisions of the bill are below:

- **Prevention, Preparedness, and Response Activity Funding** — $2.2 billion was made available for grants to or cooperative agreements with States, localities, territories, tribes, tribal organizations, urban Indian health organizations, or health service providers to tribes, to carry out surveillance, epidemiology, laboratory capacity, infection control, mitigation, communications, and other preparedness and response activities.

- **Disaster Loans Program** — $1 billion was made available for Small Business Administration loan subsidies for businesses affected by the outbreak.

- **Telemedicine** — The package authorizes the HHS Secretary to waive telehealth restrictions in the Medicare program during the COVID-19 outbreak. Medicare providers will be able to furnish telehealth services to beneficiaries regardless of geography for the duration of the outbreak.

CORONAVIRUS II

The Families First Coronavirus Response Act (H.R. 6201) included increased federal Medicaid funding for states willing to offer increased access to treatment for COVID-19, as well as mandates for testing without cost-sharing and compensation for testing of uninsured individuals.

- **Viral Testing** — The package requires insurers to cover COVID-19 testing without cost sharing and waives cost sharing for testing under Medicare, Medicaid, TRICARE, and the VA. It gives states the option to cover testing and related services for their uninsured populations through their Medicaid program at 100 percent federal medical assistance percentage (FMAP). It additionally provides $1 billion for compensating providers for testing of uninsured individuals, as well as $206 million for testing by the Department of Defense (DoD), Department of Veterans Affairs (VA), and Indian Health Service.

- **Medicaid FMAP —** Provides states with a 6.2 percentage point increase on traditional FMAP for all medical services during the length of the Public Health Emergency. It will not apply to expansion or administrative FMAP. Territories are provided with a 6.2 percent increase in FMAP and corresponding increase in their allotments for the next two fiscal years. The FMAP is conditioned on states Medicaid programs covering COVID-19-related treatment, vaccines, and therapeutics at zero cost-sharing and on states not making their eligibility standards more restrictive or increasing any cost sharing.

CORONAVIRUS III

The third COVID-19 relief package offers a litany of provisions applicable to health care providers. The Coronavirus Aid, Relief, and Economic Security (CARES) Act (S. 3548) includes policies to mandate coverage of therapies and testing for COVID-19, flexibilities to increase telehealth and home health capabilities, provisions aimed at increasing and protecting the health care workforce, economic relief and increased payments for providers, and more. A full list of provisions impacting providers is included below:

Hospital and Provider Provisions

Provision	Coronavirus III
Vaccine Coverage	The bill mandates that group health plans and health insurance issuers cover forthcoming COVID-19 vaccines without cost-sharing within 15 days of receiving an "A" or "B" rating from the United States Preventative Services Task Force or a recommendation from the Advisory Committee on Immunization Practices.
Part B Vaccine Coverage	The CARES Act provides for Medicare beneficiary coverage of an eventual COVID-19 vaccine through Medicare Part B with no cost sharing.
Testing Coverage	Makes a technical correction to section 6001 of the Families First Coronavirus Act which required testing for COVID-19 to be covered by private insurance plans without cost sharing. For COVID-19 testing covered with no cost to patients, requires an insurer to pay either the rate specified in a contract between the provider and the insurer, or, if there is no contract, a cash price posted by the provider. Insurers may negotiate a lower price than the cash price.
Funding for Community Health Centers	Provides $1.32 billion in supplemental funding for FY2020 to community health centers on the front lines of testing and treating patients for COVID-19.
Telehealth	Reauthorizes Health Resources and Services Administration (HRSA) grant programs that promote the use of telehealth technologies for health care delivery, education, and health information services. These include the Telehealth Network and telehealth Resource Centers Grant Programs. The bill allows a high-deductible health plan (HDHP) with a health savings account (HSA) to cover telehealth services prior to a patient reaching the deductible. The bill allows, during the COVID-19 emergency period, qualified providers to use telehealth technologies in order to fulfill the hospice face-to-face recertification requirement. The CARES Act requires the Secretary of HHS to issue clarifying guidance encouraging the use of telecommunications systems, including remote patient monitoring, to furnish home health services consistent with the beneficiary care plan during the COVID-19 emergency period. Guidance (rule, TRP memo) fulfilling this requirement was published on March 31, 2020.
Rural Health Care	Reauthorizes HRSA grant programs to strengthen rural community health by focusing on quality improvement, increasing health care access, coordination of care, and integration of services. These include the Rural Health Care Services Outreach, Rural Health Network Development, and Small Health Care Provider Quality Improvement grant programs.

Provision	Coronavirus III
United States Public Health Service Modernization	Establishes a Ready Reserve Corps to help ensure the nation has enough trained doctors and nurses to respond to COVID-19 and other public health emergencies.
Volunteer Health Care Professionals	Makes clear health care providers who provide volunteer medical services during the public health emergency related to COVID-19 have liability protections under specified conditions.
National Health Service Corps	Allows the Secretary of Health and Human Services to reassign members of the National Health Service Corps (NHSC) to sites close to the one to which they were originally assigned, with the Corps member's voluntary agreement, in order to respond to the COVID19 public health emergency.
Health Care Workforce	Reauthorizes and updates Title VII of the Public Health Service Act (PHSA), which pertains to programs to support clinician training and faculty development, including the training of practitioners in family medicine, general internal medicine, geriatrics, pediatrics, and other medical specialties. Directs the Secretary of HHS to develop a comprehensive and coordinated plan for health workforce programs, which may include performance measures and the identification of gaps between the outcomes of such programs and relevant workforce projection needs. Strengthens the health professions workforce to better meet the health care needs of certain populations — such as older individuals and those with chronic diseases, who could be at increased risk of contracting COVID-19 — by establishing Geriatrics Workforce Enhancement Programs through funding for traineeships and fellowships that emphasize patient and family engagement, integration of geriatrics with primary care and other specialties, and collaboration with community partners to address health care gaps. Reauthorizes and updates nurse workforce training programs and reporting requirements to include information on the extent to which Title VIII programs meet the goals and performance measures for such activities, and the extent to which HHS coordinates with other Federal departments on related programs. Permits Nurse Corps loan repayment beneficiaries to serve at private institutions under certain circumstances. Extends the Health Professions Opportunity Grants (HPOG) program through November 30, 2020 at current funding levels.
Home Health Care	Eliminates a requirement during the COVID-19 emergency period that a nephrologist conduct some of the required periodic evaluations of a patient on home dialysis face-to-face, allowing these vulnerable beneficiaries to get more care at home.
Economic Assistance for Health Providers	Provides economic assistance to health care providers on the front lines fighting the COVID-19 virus, helping them to furnish needed care to affected patients. Specifically, this section temporarily lifts the Medicare sequester, which reduces payments to providers by 2 percent, from May 1 through December 31, 2020, boosting payments for hospital, physician, nursing home,

Provision	Coronavirus III
	home health, and other care. The Medicare sequester will be extended by one year beyond current law to provide immediate relief without worsening Medicare's long-term financial outlook. Increases the payment that would otherwise be made to a hospital for treating a patient admitted with COVID-19 by 20 percent. Specifically, it increases the weighting factor of diagnosis-related groups (DRGs) for patients diagnosed with COVID-19 by 20 percent. This recognizes that COVID-19 cases can be resource intensive and provides higher payment for these complex patients. This add-on payment will be available through the duration of the COVID-19 emergency period.
Access to Post-Acute Care	The CARES Act temporarily waives the inpatient rehabilitation facility (IRF) three-hour rule, which requires that a beneficiary be expected to participate in at least three hours of intensive rehabilitation at least five days per week to be admitted to an IRF. The CARES Act waives clinical criteria for long-term care hospital (LTCH) admissions and payments, allowing LTCHs to receive Medicare LTCH payments even if more than 50 percent of its cases do not meet such criteria. It also temporarily pauses the LTCH site-neutral payment methodology, thereby reimbursing LTCHs at the LTCH PPS rate for all admissions. The legislation allows state Medicaid programs to pay for direct support professionals, caregivers trained to help with activities of daily living, to assist individuals with disabilities in the hospital and acute care settings to help reduce length of stay, free up beds, and ensure individuals with disabilities receive appropriate care.
Expansion of the Medicare Hospital Accelerated Payment Program	The CARES Act expands, for the duration of the COVID-19 emergency period, an existing Medicare accelerated payment program. Specifically, qualified facilities will be able to request up to a six-month lump sum or periodic payment. This accelerated payment is based on net reimbursement represented by unbilled discharges or unpaid bills. Most hospital types may elect to receive up to 100 percent of the prior period payments, with CAHs able to receive up to 125 percent. Finally, a qualifying hospital will not be required to start paying Medicare back for four months after receiving the first payment. Hospitals will have at least 12 months to complete repayment without paying interest.
Work Geographic Index Floor	The CARES Act increases payments for the work component of physician fees in areas where labor cost is determined to be lower than the national average through December 1, 2020.

Provision	Coronavirus III
Delay of DSH Reductions	The CARES Act delays scheduled reductions in Medicaid disproportionate share hospital payments through November 30, 2020.
Extension for Community Health Centers, the National Health Service Corps, and Teaching Health Centers	The CARES Act extends programs supporting community health centers, the National Health Service Corps, and teaching health centers that operate GME programs (THCGME) at current funding levels through November 30, 2020.
FCC Connected Care Pilot Program	The bill provides $200 million for the FCC Connected Care Pilot Program. This program will help providers purchase technology to provide telehealth services to patients, including by footing the entire bill of technology purchases.
VA	The bill includes provisions for VA to pay providers for every hour they work in support of this pandemic, even if it means they go over salary caps.
Public Health and Social Services Emergency Fund	The CARES Act provides $100 billion for HHS to provide grants to hospitals, public entities, not-for-profit entities, and Medicare and Medicaid enrolled suppliers and institutional providers to cover unreimbursed health care related expenses or lost revenues attributable to the public health emergency resulting from the coronavirus.
DRG Add-on	During the emergency period, the legislation provides a 20 percent add-on to the DRG rate for Medicare patients with COVID-19. This add-on will apply to patients treated at rural and urban hospitals using reimbursed using the inpatient prospective payment system (IPPS).
Small Business Loans via the "Paycheck Protection Program"	The legislation makes available loan opportunities for organizations with less than 500 total employees (i.e., both full time and part time employees). These loans may be up to $10 million and may be forgivable. They may be used to pay salaries, leave and health benefits, rent, and/or retirement obligations, among other uses. Both for-profit and non-profit hospitals will be eligible for these loans; however, affiliation rules will apply. The affiliation rules are intended to determine whether the organization, taking into account the "totality of circumstances," is operating as part of a larger organization and therefore not considered a small business, which will be evaluated on a case-by-case basis.
Three-Month Medicare Prescription Fills	The bill requires that Medicare Part D plans provide up to a 90-day supply of a prescription medication, with limitations for safety edits and utilization management, if requested by a beneficiary during the COVID-19 emergency period.