

## THE PROVIDER RELIEF FUND AND ITS DISTRIBUTIONS

### INTRODUCTION

On March 27, President Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act ([H.R. 748](#)), a \$2.2 trillion package that includes over \$100 billion in relief funding for health care providers throughout the country. President Trump later signed another package bolstering the CARES Act's funding, including an additional \$75 billion in funding for providers. This funding is intended for hospitals and other providers furnishing COVID-19 care who have lost revenues or incurred expenses due to the emergency. Congress is considering as part of a future coronavirus package adding funds, making changes to the program or both.

HHS began the distribution of the \$175 billion Provider Relief Fund (PRF) approved in the CARES Act in April, and announcements and distributions have continued through October. \$50 billion was allocated for Medicare providers and facilities near the inception of the fund, and HHS continued with distributions to rural health clinics and hospitals, hospitals in COVID-19 hotspots, Indian Health Service (IHS) facilities, skilled nursing facilities (SNFs), safety net hospitals, dentists, and Medicaid and CHIP providers. Additionally, HHS established a Health Resources and Services Administration (HRSA)-administered program to fund COVID-19 care for the uninsured.

Currently, applications are open for a new distribution that is open to providers who previously received funds from the PRF as well as those who were previously ineligible. This \$20 billion distribution is meant to ensure that all eligible providers receive payments equal to 2 percent of their net patient revenue and to replace additional COVID-19-related losses.

Given the distinct purposes for each allocation, HHS has developed separate eligibility criteria for providers accessing each tranche of funding. No provision of the CARES Act directly bans providers who receive funding from other sources from also receiving Provider Relief Fund assistance, so long as they abide by the terms and conditions of the given distribution. However, HHS' reporting guidance requires providers to submit information about other COVID funding they received.

New funding for the PRF is the subject of negotiations around future COVID-19 relief legislation. Proposals have ranged between \$25 and \$100 billion in additional funding, though with negotiations still ongoing, it is unclear when such funding might become available.

### FUNDING PACKAGES

Funding for the PRF came from two emergency packages passed by Congress in response to the COVID-19 pandemic. When the Coronavirus Aid, Relief, and Economic Security (CARES) Act ([H.R.](#)

[748](#)) became law on March 27, 2020, Congress provided \$100 billion to reimburse, through grants or other mechanisms, health care providers for health care expenses or lost revenues attributable to COVID-19.

On April 24, President Trump signed the Paycheck Protection Program and Health Care Enhancement Act ([H.R. 266](#)), which added \$75 billion in funding for the PRF, bringing the total to \$175 billion.

### **PROVIDER RELIEF FUND**

In April, HHS allocated a total of \$50 billion from the PRF for general distribution to Medicare facilities and providers, with a focus on providing relief to providers who bill Medicare fee-for-service, which the Administration now refers to as the Phase 1 General Distribution.

Over the next month, the agency followed up with additional funding relief opportunities via separate, targeted allotments, including for rural health clinics and hospitals, hospitals in COVID-19 high-impact areas or “hotspots,” Indian Health Service (IHS) facilities, and skilled nursing facilities (SNF). Additionally, HHS established a Health Resources and Services Administration (HRSA)-administered program to reimburse providers for COVID-19 care for the uninsured.

In June, HHS has made available \$18 billion in the Phase 2 General Distribution for eligible providers in state Medicaid/CHIP programs, Medicaid managed care plans, dentists, and certain Medicare providers, including those who missed Phase 1 General Distribution payment equal to 2% of their total patient care revenue or had a change in ownership in 2019 or 2020. On July 31, HHS announced that it would reopen applications for the Phase 1 General Distribution, permitting providers who were unable to access 2 percent of net patient revenues initially to seek funding again or anew. In order to capture providers that could not access funding due to the initial criteria, it expanded eligible providers to include those who are new providers in 2020, those who experienced a recent ownership change, and those who had no Medicare revenue in 2019. Later, on September 1, HHS announced that state-licensed/certified assisted living facilities (ALF) could apply for the Phase 2 funds through September 13, and that it would work with other ALFs to determine their eligibility.

On October 1, HHS announced a \$20 billion Phase 3 General Distribution for providers that have already received PRF payments, as well as providers that were ineligible for previous tranches. In addition to those, an expanded group of behavioral health providers is also eligible for the funding.

There are two aspects to the Phase 3 funding:

- Applicants that have not yet received relief fund payments equal to at least 2 percent of net patient revenues will receive a payment that, when combined with prior payments (if any), add to 2 percent of annual revenue for patient care.
- The balance of any remaining Phase 3 funding will be devoted to “equitable” add-on payments. The actual percentage paid to providers will be in part dependent of how many providers apply in Phase 3 and will be determined after the application deadline. Payments

may also take into account funds received as part of previous Targeted Distributions. Phase 3 final payment amounts for applicants who have already received payments equaling 2% of annual patient care revenue will be determined once all applications have been received and reviewed. The deadline to apply for Phase 3 payments is November 6, 2020.

As of October 8, there remains approximately \$29.7 billion unallocated in the PRF from the CARES Act and its follow-up legislation. Funding for the program for the uninsured is not bounded except by the constraints of funding allocated to the PHSSEF, and so far, the federal government has paid out approximately \$1.4 billion in claims. In April, the Kaiser Family Foundation estimated that COVID care for the uninsured would cost between \$13.9 and \$41.8 billion.

HHS has released data detailing payments to providers made from the PRF. The data set located [here](#) shows each provider that has received a payment and signed an attestation. The agency has also released aggregated data by distribution, which is available [here](#), and data on providers receiving reimbursement for care for the uninsured, which is available [here](#).

Providers, particularly those who received no funding or a small amount of funding from the first tranches of the PRF, have also been seeking funding from other sources, such as funding designated by the CARES Act for states and localities. The CARES Act does not preclude providers who receive funding from other sources from also receiving PRF dollars, so long as they abide by the terms and conditions of the applicable PRF tranche. The Terms and Conditions require the recipient to certify that it will not use the payment to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.

#### Provider Relief Fund

Allocation	Amount	Targeted Providers	Distribution Timeline
General Allocation Phase 1	\$50B	Medicare FFS Providers	\$26B April 10
		Medicare FFS Providers	\$4B April 17
		All Medicare Providers	\$20B April 24
General Allocation Phase 1 Reopening	No new funds	Providers that did not receive 2 percent of net patient revenue in phase 1	Applications were due August 28
General Allocation Phase 2 (Medicaid, CHIP, and Dental Provider Allocation)	\$18B	Medicaid & CHIP providers who did not receive general allocation funds, also dentists	Portal opened June 10, application deadline was August 28
		Assisted Living Facilities	Applications were due September 13

Allocation	Amount	Targeted Providers	Distribution Timeline
General Allocation Phase 3	\$20B	<p>Providers who previously received, rejected or accepted a General Distribution Provider Relief Fund payment, including those that have already received 2 percent of their annual patient revenue.</p> <p>Behavioral Health providers, including those that previously received funding and new providers.</p> <p>Healthcare providers that began practicing January 1, 2020 through March 31, 2020.</p>	Applications are due November 6
Targeted Allocation	\$12B (updated from \$10B)	Hospitals with disproportionate numbers of COVID-19 cases	Providers were required to submit information to HHS on April 25
Targeted Allocation 2	\$10B	Hospitals with disproportionate numbers of COVID-19 cases	Week of July 20
Uninsured Fund	~1.4B as of October 8 <sup>1</sup>	Any provider providing COVID-19 care to an uninsured individual	Providers began submitting claims in May
Rural Allocation	\$11.3B (updated from \$10B)	Rural Health Clinics, rural hospitals, and certain hospitals in small metropolitan areas	Week of April 27 and Week of July 14
IHS Allocation	\$500M (updated from \$400M)	IHS facilities	Week of April 27
Nursing Facilities	\$4.9B	SNFs	May 22

<sup>1</sup> <https://data.cdc.gov/Administrative/Claims-Reimbursement-to-Health-Care-Providers-and-/rksx-33p3>

Allocation	Amount	Targeted Providers	Distribution Timeline
	\$2.5B	Nursing Homes	August 7
	\$2.0B	Nursing Homes reaching defined set of performance indicators	To be determined
Safety Net Hospital Allocation	\$13.3B	Hospitals with a large Medicaid & CHIP population, high amounts of uncompensated care, or low profitability	Week of June 8 and Week of July 13
	\$1.4B	Children's Hospitals	Week of August 17
<b>Total</b>	<b>\$145.3B</b>		
<b>Unallocated</b>	<b>\$29.7B</b>		

## REPORTING REQUIREMENTS

Providers who accept funding from the PRF are subject to certain reporting requirements. On September 19, HHS posted updated [guidance](#) for fund recipients detailing information they must submit to the government and subsequently released a [webpage](#) with additional information about reporting and audits. This guidance does not apply to distributions for nursing home infection control or for testing at rural health clinics. It also does not apply to recipients of reimbursements from the uninsured fund.

The guidance indicates that providers would need to report their healthcare-related expenses that are not reimbursed by other sources in two categories: general and administrative (G&A) expenses, and healthcare-related operating expenses. Providers must also report lost revenues if “all PRF dollars received were not consumed by the COVID-19 healthcare-related expenses.” Providers were also asked to submit other types of assistance received, such as funding from the CARES Act’s Paycheck Protection Program, and information regarding their personnel, patient and facility. If recipients do not expend PRF funds in full by the end of CY 2020, they will have an additional six months in which to use remaining amounts toward expenses attributable to coronavirus but not reimbursed by other sources, or to apply toward lost revenues.

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## OUTLOOK

While talks between Congress and the White House on further COVID-19 relief legislation have stalled, previous proposals included additional funds for the PRF. House Democrats have passed two versions of their HEROES Act, which each contained extra funds for the PRF. In addition, Senate Republicans have proposed additional funding for the PRF, as have a bipartisan group of House lawmakers called the Problem Solvers Caucus. Providers, for their part, have continued to call for additional support, though the timing of when and how that would be allocated remains uncertain.

### Proposed Additional PRF Appropriations

Bill	Status	Amount for PRF
HEROES (House Democrats)	Passed House 5/15/2020	\$100B
HEROES 2 (House Democrats)	Passed House 10/1/2020	\$50B
HEALS (Senate Republicans)	Introduced	\$25B
Problem Solvers Caucus	Proposed but not introduced	\$30B