

## CORONAVIRUS RESOURCE CENTER

# CMS Announces Intent to Provide \$30 Billion to Medicare Providers

April 9, 2020

For the healthcare industry, one of the key unanswered questions since the enactment of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, which we discussed [here](#), is how the Department of Health and Human Services (“HHS”) would spend the \$100 billion Public Health and Social Services Emergency Fund (the “Fund”). HHS has now provided two answers to that question.

*First*, on April 3, 2020, Alex Azar, Secretary of HHS, announced that some of the \$100 billion would be used to reimburse hospitals who treat uninsured COVID-19 patients. See our earlier update [here](#). External analyses have suggested that such reimbursements could absorb between \$14 billion and \$42 billion of the Fund.

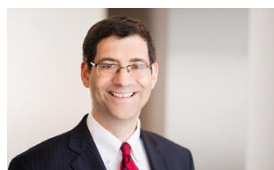
*Second*, at a White House press briefing on April 7, CMS Administrator Seema Verma announced that CMS would be distributing approximately \$30 billion in unrestricted grants to healthcare providers on the basis of their Medicare revenues, starting this week. No additional details were provided as to how those grants would be calculated. Verma noted that, in many instances, CMS will be able to dispense these funds by direct deposit, as they would with other Medicare payments, decreasing processing time. Verma acknowledged that grants based on Medicare revenues would not help providers, including “pediatricians, children’s hospitals, OB-GYNs, even our nursing homes” whose revenues are primarily from other sources, including Medicaid. Verma stated that such providers would have priority in the “second tranche” of dispersals from the Fund. Based on Ms. Verma’s remarks, it remains unclear which providers will receive funding and how the funding will relate to COVID-19 expenditures.

Between these two announcements, HHS appears to have committed approximately half to three-quarters of the Fund so far.

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For more information regarding the coronavirus, please visit our [Coronavirus Resource Center](#).

Please do not hesitate to contact us with any questions.



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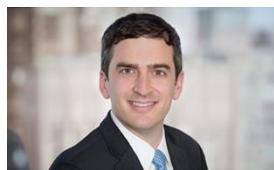
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