

CORONAVIRUS RESOURCE CENTER

HHS Distributing \$30 Billion in Grants to Medicare Providers

April 10, 2020

The Department of Health and Human Services (“HHS”) has released additional information [here](#) about the distribution of \$30 billion in funds from the \$100 billion Public Health and Social Services Emergency Fund (the “Fund”) established by the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, discussed [here](#).

Beginning today, all health systems, hospitals, group practices, solo practitioners and other facilities that billed Medicare in 2019 will receive a grant from the Fund of approximately 6.2% of their 2019 Medicare fee-for-service (“FFS”) payments. This payment will not need to be repaid. Payments will be made automatically, without the need to file an application. The primary condition for receiving the funding is that providers must sign an agreement that they will not seek to collect out-of-pocket payments from a COVID-19 patient greater than what that patient would have otherwise been required to pay if the care had been provided by an in-network provider (i.e., “surprise billing”). All terms and conditions can be found [here](#).

Payments will be made by direct deposit for anyone who currently receives direct deposits from the Centers for Medicare & Medicaid Services (“CMS”), UnitedHealth Group, UnitedHealthcare or Optum Bank. All others will receive paper checks by mail in the next few weeks. Providers do not need to sign the agreement before payments are made—in fact, the [portal for signing](#) will not open until the week of April 13.

These payments are independent of the Medicare advance payments that CMS has already been making to Medicare providers. Read more [here](#). Participation in the advance payment program has no bearing on payments from the Fund.

Hospitals are expected to be the largest beneficiaries of this cash infusion, as they received approximately 50% of Medicare FFS reimbursements in 2018 (the last year for

which data are publicly available). Group and solo physician practices will receive the next largest portion of the funding, at around 17% of FFS spending.

Of course, hospitals and physicians receive varying amounts of Medicare funding, depending on specialty and location. HHS acknowledged that many crucial providers, including hospitals that primarily serve Medicaid and uninsured patients, will not benefit from these payments. HHS states that it is working on further distributions of the remaining \$70 billion to “providers in areas particularly impacted by the COVID-19 outbreak, rural providers, providers of services with lower shares of Medicare reimbursement or who predominantly serve the Medicaid population, and providers requesting reimbursement for the treatment of uninsured Americans.”

Concerns are also likely to be raised by children’s hospitals, OB/GYNs, pediatricians, long-term care facilities and other providers that receive little to no Medicare reimbursement due to the types of services they provide. CMS Administrator Seema Verma acknowledged the need to reach those providers in her initial announcement about this funding, discussed [here](#), and presumably these providers will be addressed in subsequent rounds of funding.

HHS had previously announced that the Fund would also be used to reimburse hospitals that 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.

The advantage of distributing funds based on Medicare reimbursements is the ease with which the grants can be calculated and disbursed. Releasing the remaining funding, estimated to be between \$28 and \$56 billion, depending on the cost of care for the uninsured, will require more significant policy decisions, such as how to apportion funds between areas that have suffered significantly from the virus and those that have not yet (but are nonetheless preparing in case of outbreak) and how to address variations in different entities’ payor mix. The next tranche of funding will also be more logistically complicated to disburse, as CMS may never have made a payment to some providers. Providers will also need time to submit claims for the uninsured patients they treated, particularly when so many patients are being treated on an emergency basis and may not have their insurance information readily available. HHS has offered no timeline for guidance on subsequent rounds of funding.

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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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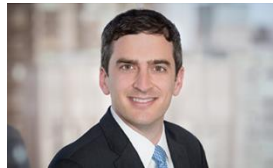
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