

PUBLICATION

Update on HHS Provider Relief Fund Payments and Reporting Requirements

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On June 9, 2020, the Department of Health and Human Services (HHS) announced additional payments under the COVID-19 Provider Relief Fund to reimburse providers for health care related expenses and revenue losses attributable to COVID-19. These new distributions will provide \$25 billion in payments to safety net hospitals and Medicaid/CHIP providers and follows the roughly \$100 billion already issued. The announcement also includes plans to issue \$10 billion to hospitals through a second High Impact Distribution.

HHS has also updated its guidance related to reporting requirements for Relief Fund recipients. HHS will no longer require quarterly reports, as the agency previously indicated, but will require reporting through a yet-to-be-announced process.

Safety Net Hospital Allocation

HHS has distributed via direct deposit \$10 billion in Provider Relief Funds to safety net hospitals that "serve our most vulnerable citizens" in recognition of "the incredibly thin margins these hospitals operate on." HHS defines a "safety net hospital" as one that has:

1. A Medicare Disproportionate Patient Percentage (DPP) of 20.2 percent or greater;
2. Annual uncompensated care of at least \$25,000 per bed; and
3. A profit margin of 3 percent or less.

The minimum allocation is \$5 million, and the maximum allocation is \$50 million.

The payments for safety net hospitals are determined using the following calculation:

Payment Allocation per hospital = (Hospital's Facility Score/Cumulative Facility Scores across All Safety Net Hospitals) x \$10 billion

Note: The Facility Score is a hospital's number of facility beds x DPP.

In the case of children's hospitals, Medicaid only ratios instead of the DPP are used because these hospitals do not report a DPP on their Medicare cost report.

HHS has made available a detailed [methodology](#) outlining how the payments were issued.

Medicaid and CHIP Distribution

HHS also announced a distribution of approximately \$15 billion to eligible providers that participate in state Medicaid/CHIP programs. To be eligible for this funding, health care providers must not have received payments from the \$50 billion Provider Relief Fund General Distribution in April and must have either directly billed their state Medicaid/CHIP programs or Medicaid managed care plans for health care related services between January 1, 2018, and December 31, 2019.

HHS estimates that approximately 62 percent of all providers participating in state Medicaid/CHIP programs previously received funds from the General Distribution. This current distribution is meant to make funds available to the remaining 38 percent who have experienced lost revenues or increased costs due to COVID-19. Again, a provider is not eligible for this distribution if they received payments from the \$50 billion Provider Relief Fund General Relief Fund for General Distribution or were determined to be eligible for those funds and rejected the payment.

Eligible providers must submit their annual patient revenue information to a newly-created [enhanced Provider Relief Fund portal](#) to receive a distribution equal to at least 2 percent of reported gross revenues from patient care. Providers must submit their gross revenues from patient care for CY 2017, or 2018, or 2019, as well as payer mix information. The final amount each provider receives will be determined after the data is submitted, including information about the number of Medicaid patients that providers serve.

[Instructions](#) and an [application form](#) are available on the CARES Act Relief Fund [webpage](#) for providers. The deadline to apply for funding through this distribution is July 20, 2020.

Second High Impact Payment

HHS also announced plans to issue a second High Impact payment to hospitals through a future \$10 billion distribution. This allocation will follow the first round of High Impact payments issued to 395 hospitals on May 7, 2020. The first round of targeted hospitals self-reported at least 100 COVID-19 positive inpatient admissions through April 10, 2020. HHS has indicated that High Impact payments are intended to support hospitals in COVID-19 hotspots.

HHS has not specified what the requirements will be to qualify for a payment under the second round. However, on June 8, 2020, the agency requested that hospitals report updated admissions data through June 10, 2020, which HHS will rely on to determine the next round of High Impact payments. Updated admissions data was due to HHS by June 15, 2020.

Relief Fund Reporting Requirements

HHS issued a few FAQ on the Relief Fund [FAQ webpage](#) indicating a change in the reporting requirements for Relief Fund recipients. Based on the new FAQ, providers will *not* be required to submit a quarterly report to HHS by July 10, 2020, as HHS previously indicated.

The CARES Act, the legislation creating the COVID-19 Relief Fund, requires all recipients of funding under the Act of at least \$150,000 to submit a quarterly report within 10 days after the end of each calendar quarter to the agency that issued the funding and the Pandemic Response Accountability Committee. The terms and conditions that Relief Fund recipients must sign to accept Relief Fund payments also require recipients that have received at least \$150,000 through any COVID-19 legislation to submit quarterly reports to HHS and the Pandemic Accountability Committee.

A previous HHS FAQ referenced the quarterly reporting requirement and indicated that the first quarterly report would be due for the quarter ending June 30, 2020, which suggested a report would be due by July 10, 2020. HHS has since deleted this FAQ, and the new FAQ indicates that recipients "do not need to submit a separate quarterly report to HHS or the Pandemic Response Accountability Committee."

Instead, HHS has created a new [website](#) that lists each provider that has accepted funding and the amount received. HHS is also working with the Treasury Department to reflect the aggregate total of each recipient's accepted payments on [USAspending.gov](#). HHS specifies that these public postings will meet the requirements of the CARES Act for information to be reported quarterly, in place of providers reporting information directly.

However, HHS also indicates that the agency will require Relief Fund recipients to submit future reports relating to the recipient's use of funding, and HHS will notify recipients of the content and due date(s) of such reports in the "coming weeks."

Review of Relief Fund Distributions

To date, HHS has issued or announced payments to be issued through eight separate distributions, with a ninth distribution coming soon. HHS has made available databases listing the Relief Fund recipients and the amount received on its Relief Fund [data webpage](#).

As outlined below, payments issued or announced to date total approximately \$100 billion. Congress has appropriated \$175 billion in total to the Relief Fund. HHS has not announced details on how the agency will distribute the remaining funds, other than noting there will be an additional \$10 billion distributed through the second High Impact Allocation and that there will be payments issued to dentists. HHS has also [indicated](#) that the agency is using "a portion" of the funds appropriated to HHS to fund the [COVID-19 Uninsured Program](#), although HHS has not indicated how much funding is allocated for this program.

Relief Fund Allocation	Date Issued	Total Payment Amount	Recipients	Distribution Methodology
General Allocation (Payment 1)	April 10, 2020	\$30 billion	Entities that billed Medicare in 2019	Share of 2019 Medicare FFS revenues
General Allocation (Payment 2)	April 24, 2020	\$20 Billion	Entities that billed Medicare in 2019	(Most Recent Tax Year Annual Gross Receipts x \$50 Billion) / \$2.5 Trillion – Initial General Distribution Payment to Provider Equates to approximately 2 percent of net patient revenues per each eligible provider*
High Impact Allocation (First Round)	May 7, 2020	\$12 billion	Hospitals with at least 100 inpatient COVID-19 admissions as of April 10, 2020	\$10 billion: \$76,975 x number of COVID-19 admissions \$2 billion: add-on payment based on Medicare DSH
Rural Allocation	May 6, 2020	\$10 Billion	Rural acute general hospitals, CAHs, RHCs, and rural community health centers (CHCs)	Hospital = graduated base payment + (1.97 percent x operating expenses) RHC = \$100,000 per site + (3.6 percent x operating expenses) CHC = \$100,000 per site

Skilled Nursing Facilities Allocation	May 22, 2020	\$4.9 billion	Medicare and Medicaid certified SNFs with at least six beds	Fixed payment of \$50,000 + \$2,500 per certified bed
Indian Health Service (IHS) Facilities	May 29, 2020	\$500 million	Tribal hospitals, clinics, and urban health centers	Per hospital = \$2.81 million + 3 percent of total operating expenses Per clinic/program = \$187,000 + 5 percent (estimated service population x average cost per user) IHS Urban Programs = \$181,000 + 6 percent (estimated service population x average cost per user)
Safety Net Hospital Allocation	June 9, 2020	\$10 billion	Hospitals with Medicare DPP of 20.2 percent or greater, average uncompensated care per bed of \$25,000 or more, and profitability of 3 percent or less	(Hospital's Facility Score/ Cumulative Facility Scores across All Safety Net Hospitals) x \$10 Billion Facility Score = Number of facility beds x DPP
Medicaid and CHIP Allocation	June 9, 2020	\$15 billion (approximately)	Providers that did not receive a General Distribution payment and billed Medicaid for health care-related services between January 1, 2018, and December 31, 2019	2 percent (Gross Revenues x Percent of Gross Revenues from Patient Care), using data from CY 2017 or 2018 or 2019 as selected by applicant
High Impact Allocation (Second Round)	TBD	\$10 Billion	TBD	TBD

**HHS is applying this methodology across the total \$50 billion distributed through the General Allocation. There continues to be confusion as to the methodology used to determine the total payment under the General*

Allocation, as HHS indicates in FAQs that payments are intended to pay "at least 2% of that provider's gross receipts...and are determined based on the lesser of 2% of a provider's 2018 (or most recent complete tax year) gross receipts or the sum of incurred losses for March and April."

Note that there are frequent changes to the FAQs published by HHS that in some cases update previously published information and may provide new details or instructions. They warrant monitoring.

Baker Donelson continues to monitor coronavirus developments and will provide information on future efforts to provide funding to health care providers. For additional questions, please contact [Sheila P. Burke](#). You may also visit the [Coronavirus \(COVID-19\): Navigating the Path Ahead](#) information page on our website.