
FISCAL UPDATE Article

Fiscal Services Division

June 29, 2020



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

NCSL COVID-19 WEBINAR — HEALTH CARE FACILITIES

Webinar. On May 13, 2020, the National Conference of State Legislatures held a webinar on ensuring the financial stability of health care facilities. The webinar covered the [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#), the [Paycheck Protection Program and Health Care Enhancement Act](#), and actions taken by the Department of Health and Human Services as these actions pertain to health care facilities.

CARES Act. In the CARES Act, the following amounts were appropriated for health care facilities:

- \$100.000 billion in dedicated funding for health care facilities was appropriated for the purpose of providing grants to hospitals, public entities, nonprofit entities, and Medicare- and Medicaid-enrolled suppliers and institutional providers for unreimbursed health care-related expenses or lost revenue as a result of COVID-19.
 - Of this funding, \$16.000 billion was appropriated for the purpose of contributing to the Strategic National Stockpile for the provision of more personal protective equipment for health care workers.
 - \$11.000 billion was appropriated for vaccine development and diagnostic tools.
 - \$3.500 billion was appropriated to advance the manufacturing and purchasing of vaccines.
- \$250.0 million was appropriated to improve the capacity of facilities to respond to medical events.
- \$275.0 million was appropriated to expand services and capacity for rural hospitals, telehealth services, poison control centers, and the Ryan White HIV/AIDS Program through the Health Resources and Services Administration. Twenty-eight community health centers in Iowa received \$12.7 million in funding through the CARES Act.
- Community health centers were authorized to use FY 2020 funding to maintain or increase staffing and capacity to address COVID-19.

Iowa community health centers are estimated to have lost approximately \$44.0 million in revenue, 570 jobs, and 230,000 patient visits due to COVID-19, according to the National Association of Community Health Centers.

Paycheck Protection Program and Health Care Enhancement Act. On April 24, 2020, the Paycheck Protection Program and Health Care Enhancement Act was signed into law to address COVID-19. The Paycheck Protection Program provided \$75.000 billion for reimbursement of COVID-19-related expenses and lost revenue due to COVID-19. The Paycheck Protection Program, administered by the Small Business Administration, provides small businesses with funds to cover up to eight weeks of payroll costs, including benefits, and can be used to pay interest on mortgages, rent, and utilities. \$600.0 million was appropriated for community health centers and federally qualified health centers, and \$225.0 million was appropriated for rural health clinics. The Health and Human Services Inspector General received \$6.0 million for oversight of funds appropriated through the Act.

Provider Relief Fund. The Provider Relief Fund was established as part of the CARES Act, and on April 10, 2020, the first round of provider relief funds was disbursed, with a total of \$50.000 billion in funds allocated as part of a general distribution that was based on a provider's share of 2018 net patient revenue. Eligible providers were those that bill Medicare fee-for-service, with at least 2.0% of the provider's gross patient revenue being from Medicare, regardless of the provider's payer mix. Payments were determined based on 2.0% of a provider's 2018 (or most recent complete tax year) net patient

revenue, or the sum of incurred losses for March and April 2020, whichever is lower. The initial \$30.000 billion was distributed to approximately 320,000 providers nationwide that bill for Medicare fee-for-service, and \$20.000 billion was distributed to 15,000 providers that bill for Medicare fee-for-service. Health and Human Services expects to distribute an additional \$15.000 billion to eligible providers that participate in State Medicaid and Children's Health Insurance Programs or Medicaid managed care plans and have not received a payment from the \$50.000 billion Provider Relief Fund general distribution allocation.

Provider Relief Fund Targeted Allocations. The following targeted distribution funding allocations from the Provider Relief Fund are expected to be distributed to providers and facilities in areas impacted severely by the COVID-19 outbreak:

- \$12.000 billion to nearly 400 hospitals in high-impact areas
- \$10.000 billion to nearly 4,000 rural health care providers
- \$4.900 billion to over 13,000 skilled nursing facilities
- \$500.0 million to approximately 300 tribal hospitals, clinics, and urban health centers
- \$10.000 billion to eligible safety net hospitals

The Department of Health and Human Services launched an enhanced [payment portal](#) for eligible providers to apply for Provider Relief Fund payments through July 20, 2020. More information on Provider Relief Fund disbursements and allocation methodologies can be found here:

www.hhs.gov/coronavirus/cares-act-provider-relief-fund/general-information/index.html

LSA Staff Contact: Angel A. Banks-Adams (515.281.6301) angel.banks-adams@legis.iowa.gov

Doc ID 1136391