

The CARES Act: Financial Relief Opportunities for Healthcare Providers

Updated April 3, 2020

+ Funding Opportunities and Payment Changes for Healthcare Providers

The Coronavirus Aid, Relief, and Economic Security (CARES) Act creates new funding opportunities for healthcare providers as well as adjustments to existing payment mechanisms in response to the COVID-19 emergency.

Changes to Medicare Payment

Medicare Accelerated and Advance Payment Program:

CMS expanded its accelerated payment program for all Medicare providers and suppliers affected by COVID-19. The CARES Act allows inpatient acute hospitals, children's hospitals and certain cancer hospitals to request up to 100% of the Medicare payment amount for a six-month period. Critical access hospitals can request up to 125% of their payment amount for a six-month period.

Other providers and suppliers not affected by the CARES Act can request these funds for 100% of their Medicare payment amount for a three-month period. Repayment of the advance begins for all participants after 120 days, but providers covered by CARES have additional time to repay the balance. More information is available [here](#).

Medicare Add-On: The Act includes a 20% Medicare add-on payment for COVID-19-related inpatient services.

Medicare Sequestration: The Act suspends the Medicare sequester effective May 1, 2020, through December 31, 2020.

New Funding Streams

Public Health and Social Services Emergency Fund:

\$100B for eligible healthcare providers for healthcare-related expenses or lost revenue related to COVID-19. **Further guidance on who is eligible to receive the funding and how it will be distributed is forthcoming.**

Federal Communications Commission (FCC): \$200M through the FCC Connected Care Pilot Program to help healthcare providers use telehealth to connect with patients.

Distance Learning, Telemedicine, and Broadband Program: \$25M through the US Department of Agriculture to support access to telecommunications enabled information and equipment for students, teachers and medical professionals.

Defense Health Program: \$415M through the US Department of Defense to support the development of vaccines, anti-virals, 24/7 lab operations and the procurement of diagnostic tests.

Small Business and Employment Provisions

SBA Loans: The CARES Act includes several new loan opportunities for small businesses through the [Small Business Administration](#) (SBA). More information is available [here](#).

Employment Relief: The CARES Act includes employment-specific provisions that provide relief for employers and employees. More information is available [here](#).

+ Changes to Medicare Payment

Name	Funding Level	Eligible Entities	Additional Requirements	Repayment Obligations	Additional Information/How to Apply
Medicare Accelerated and Advance Payment Program	<p><u>Physicians and other suppliers</u> 100% of the Medicare payment amount for a three-month period</p> <p><u>Most Hospitals</u> 100% of the Medicare payment amount for a six-month period</p> <p><u>Critical Access Hospitals</u> 125% of the Medicare payment amount for a six-month period</p>	Hospitals, physicians, durable medical equipment suppliers, and other Medicare Part A and Part B providers and suppliers	The provider has billed Medicare for claims within 180 days immediately prior to the date of signature on the provider's/supplier's request form; is not in bankruptcy, under active medical review or a program integrity investigation; and does not have outstanding delinquent Medicare overpayments.	<p>Repayment of the advance begins for all participants after 120 days, but providers covered by CARES have additional time to repay the balance.</p> <p>Inpatient acute care hospitals, children's hospitals, certain cancer hospitals and critical access hospitals will have up to one year from the date the accelerated payment was made to repay the balance.</p> <p>A small subset of Part A providers that receive Period Interim Payment will have their accelerated payment included in the reconciliation and settlement of their final cost report.</p> <p>All other Part A providers and Part B suppliers will have 210 days from the date the accelerated or advance payment was made to repay the balance.</p>	For more information and application processes and criteria, see the CMS factsheet .
Medicare Add-On Payment	A 20% add-on payment for COVID-19-related inpatient services	Hospitals	N/A	N/A	N/A
Medicare Sequestration	The Act suspends the Medicare sequester effective May 1, 2020, through December 31, 2020.	All Medicare providers	N/A	N/A	N/A

+ Public Health and Social Services Emergency Fund and Other Grants and Awards

Name	Funding Level	Description	Eligible Entities	Additional Information/How to Apply
Public Health and Social Services Emergency Fund	\$100 billion	Subject to further clarification from HHS, reimburses eligible healthcare providers for healthcare-related expenses or lost revenues not otherwise reimbursed that are directly attributable to COVID-19	Public entities, Medicare or Medicaid enrolled suppliers and providers, and for-profit entities within the United States (including territories) that provide diagnoses, testing or care for individuals with possible or actual cases of COVID-19	HHS will review applications on a rolling basis under the most efficient payment systems practicable to provide emergency payment. Applications should include a statement justifying the provider's need for the payment, and the eligible provider should have a valid tax identification number. HHS is expected to release an application and more eligibility and review instructions.
	\$250 million	Supports hospital preparedness, including increasing healthcare facilities' capacity to respond to medical events	Grants to, or cooperative agreements with, entities that are either grantees or sub-grantees of the Hospital Preparedness Program (HPP) (a federal grant program supporting regional healthcare preparedness)	Existing HPP requirements may apply. HHS is expected to release an application and more eligibility and review instructions.
	\$275 million	To be available through the Health Resource Administration to provide grants to expand services and capacity for rural hospitals, telehealth, poison control centers and the Ryan White HIV/AIDS program	Unknown at this time	\$180 million shall be appropriated for telehealth and rural health activities. HHS is expected to release an application and more eligibility and review instructions.

+ Public Health and Social Services Emergency Fund and Other Grants and Awards Cont.

Name	Funding Level	Description	Eligible Entities	Additional Information/How to Apply
Distance Learning, Telemedicine, and Broadband Program	\$25 million	To be available through the Department of Agriculture to provide grants to support access to telecommunications enabled information, audio and video equipment, as well as related advanced technologies for students, teachers and medical professionals	Unknown at this time	The Department of Agriculture is expected to release an application and more eligibility and review instructions.
Defense Health Program	\$415 million	To be available through the Department of Defense to provide grants to support the development of vaccines, anti-virals, 24/7 lab operations and the procurement of diagnostic tests	Unknown at this time	The Department of Defense is expected to release an application and more eligibility and review instructions.
Federal Communications Commission	\$200 million	To be available through the FCC to provide grants to enable healthcare providers to deploy telecommunications services, information services and devices necessary to enable the provision of telehealth services	Unknown at this time	The FCC is expected to release an application and more eligibility and review instructions.

+ Small Business Administration Loans and Grants

Program	Type	Eligible Entities	Available Amounts	Eligible Expenses	Additional Information/How to Apply
Paycheck Protection Program (PPP) Expansion of the SBA's 7(a) loan program	Loan	Small businesses, 501(c)(3) nonprofit organizations, 501(c)(19) veterans organizations and tribal businesses with fewer than 500 employees (unless the covered industry's SBA size standard allows more than 500 employees)	Lesser of: \$10M or 2.5 times an applicant's average total monthly payments for payroll costs incurred during the one-year period before the date on which the loan is made, plus the outstanding amount of any 7(a) loan, made available between January 31, 2020, and when a covered loan is made available, that is to be refinanced under a covered loan	Payroll costs; costs related to group healthcare benefits during periods of paid sick, medical or family leave; and insurance premiums, as well as employee salaries, mortgage interest payments, rent, utilities and interest on other debt obligations	Borrowers also are eligible for loan forgiveness in an amount equal to the amount spent by the borrower during the eight-week period after the origination date of the loan for payroll costs, mortgage interest payments (incurred prior to February 15, 2020), rent payments (for leases in force prior to February 15, 2020) and utility payments (service having begun prior to February 15, 2020). Loan forgiveness is not available for payroll costs for compensation above \$100,000 annually. This interim final rule implements the PPP and provides additional information for borrowers.
Economic Injury Disaster Loans (EIDL)	Loan	Small businesses with not more than 500 employees, including startups, tribal businesses, cooperatives and ESOPs with fewer than 500 employees, and any individual operating as a sole proprietor or an independent contractor during the covered period (January 31, 2020, to December 31, 2020)	Up to \$2M	Fixed debts, payroll, accounts payable and other bills that can't be paid due to the disaster	Available only in states where the governor has made a disaster declaration that is approved by the president For more information and application processes and criteria, visit the SBA website .
Economic Injury Disaster Grants	Grant	Entity that has applied for an EIDL due to COVID-19	Advance on that loan of no more than \$10,000, which the SBA must distribute within three days Applicants are not be required to repay advances, even in instances where the EIDL is subsequently denied.	Advance on EIDL, for uses including paid sick leave, payroll, rent and mortgage payments, meeting increased costs to obtain materials unavailable from the applicant's original source due to interrupted supply chains, and repaying obligations that cannot be met due to revenue losses	For more information and application processes and criteria, visit the SBA website .

+ Tax Deferral and Credits

Name	Category	Eligible Entities	Description	Additional Information/How to Apply
Payroll Tax Deferral for Employers	Tax deferral	Employers	Employers may delay paying payroll taxes (6.2% for Social Security + 1.45% for Medicare), and may defer payments of those payroll taxes for 2020 over the following two years, with half of the amount required to be paid by December 31, 2021, and the other half by December 31, 2022. Businesses that receive loan forgiveness under the CARES Act (available under Title I) will be ineligible for these deferred tax payments.	Awaiting additional details
Tax Credits to Offset Costs of Paid Sick Leave Entitlement	Tax credits	Employers	Optional tax credits for employers (including self-employed individuals) for qualified sick leave wages and family medical leave wages	For more information and application processes and criteria, see the IRS guidance .