

COVID-19 Fact Sheet

Provider Relief Fund

The CARES Act (3/27/20) authorized \$100B for hospitals and clinicians to reimburse for COVID-19 related lost revenues and increased expenses. These funds are grants, not loans or advanced payments that must be repaid. (There is an additional \$75B authorized in CARES Act “3.5” but the details of the distribution for those funds is not yet available at present.)

\$50B was in the "general allocation" bucket of the original \$100B CARES relief grants--the remaining \$50B was issued to hospitals in high impact areas (\$10B), rural hospitals and health clinics that file cost reports (\$10B), \$400M to Indian health, and the remainder (\$29.6B) to pay for testing and treatment of the uninsured, SNFs, dentists and entities that primary bill Medicaid.

\$30B in Tranche 1 relief grants was issued via ACH on April 10th to physician groups and other Part B suppliers based on approx. 6.2% of the 2019 Medicare A/R. The formula was roundly criticized because it disadvantaged certain specialties, e.g. Peds and OB/GYN.

HHS then announced that the remaining \$20B of general allocation funding would be issued as follows: \$10B to hospitals and entities that file cost reports on April 24th and \$10B in Tranche 2 payments to physicians and other Part B suppliers.

The Tranche 2 formula was revised by HHS as follows: 2018 gross receipts divided by \$2.5 trillion (the total healthcare spend in 2018) multiplied by \$50B (the amount of general allocation funds). The shorthand is that the total of Tranche 1 and 2 would be 2% of the group's 2018 gross receipts, unless Tranche 1 was in excess of 2% and then physicians would be asked to call the HHS helpline. To qualify for Tranche 2, the physician group TIN had to have received a Tranche 1 grant and attested to the HHS terms and conditions for Tranche 1.

Included in the terms and conditions for Tranche 1 (and Tranche 2) are requirements that the clinician not engaged in out of network balance billing of the patient and that their lost revenues and increased expenses exceeded the relief grant payments, among other important terms and conditions. Failure to comply with any of the terms and conditions could result in the recoupment of the CARES relief grants.

HHS revised their FAQs to state that Tranche 2 relief grants would be based on the LESSER OF 2% of gross receipts or the physician group TIN's lost revenue and increased expenses for March and April due to COVID-19. Clinicians were required to upload their 2018 gross receipts, revenue losses and increased expenses along with their billing TIN to an HHS website. Approximately 10 business days thereafter the clinicians would receive a Tranche 2 grant payment (generally by ACH) provided that their Tranche 1 relief grant did not exceed the formula above. The deadline for Tranche 2 requests was June 3rd and the final Tranche 2 payments will be made no later than June 19th.

HHS also announced that the list of hospital, physician group and/or physician recipients of the CARES Act relief grants would be listed in a searchable database as of May 4th and that those listed could not be taken off the list unless the entire CARES Act grants were returned.

HHS OIG [announced](#) recently that their office would be auditing the distribution of the \$50B in general allocation physician and hospital relief grants; the recommendation to physician and practice managers is to retain adequate books and records that support their claims for lost revenue and increased expenses. HHS has now updated the FAQs to include more examples of lost revenues and increased expenses.

Important links: [Provider Relief Home page](#), [Terms and Conditions](#), [FAQs](#), [the uninsured program](#), [ACEP's financial support options website](#).