



Representing Kentucky Hospitals and Health Systems

Coronavirus Supplemental Appropriations Bill and Cares Act Highlights for Hospitals from KHA March 26, 2020

The legislation provides substantial relief and has responded to the concerns raised by KHA and our members. KHA thanks Senator McConnell for his leadership in assuring the interests of Kentucky hospitals were included in this final package. The legislation provides \$340 Billion in emergency funding of which \$117 Billion is targeted to hospitals.

Coronavirus Supplemental Appropriations

Public Health and Social Services Emergency Fund (\$127 billion):

- Reimbursement to Hospitals & Healthcare Providers: \$100 billion to ensure healthcare providers continue to receive the support they need for COVID-19 related expenses and lost revenue.
- Strategic National Stockpile: \$16 billion to procure personal protective equipment, ventilators, and other medical supplies for federal and state response efforts. When combined with the first supplemental, the Committee has provided approximately \$17 billion for the Stockpile.
- Vaccine, Therapeutics, Diagnostics, and other Medical or Preparedness Needs: \$11 billion. Includes at least \$3.5 billion to advance construction, manufacturing, and purchase of vaccines and therapeutic delivery to the American people. This is in addition to the billions already provided for these activities in the first supplemental.
- Hospital Preparedness: Not less than \$250 million to improve the capacity of healthcare facilities to respond to medical events.
- Health Resources and Services Administration: \$275 million to expand services and capacity for rural hospitals, telehealth, poison control centers, and the Ryan White HIV/AIDS program. Language is also included to allow Community Health Centers to use FY2020 funding to maintain or increase staffing and capacity to address the coronavirus.
- Includes \$4 million for HHS Office of Inspector General for oversight activities.

Substance Abuse and Mental Health Services Administration (\$425 million):

Funds are provided to address mental health and substance use disorders as a result of the coronavirus pandemic.



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- Certified Community Behavioral Health Clinics: \$250 million to increase access to mental health care services.
- Suicide Prevention: \$50 million to provide increased support for those most in need of intervention.
- SAMHSA Emergency Response Grants: \$100 million in flexible funding to address mental health, substance use disorders, and provide resources and support to youth and the homeless during the pandemic.

Cares Act Provisions for Hospitals

Medicare Hospital Provisions

- Stops the Medicare sequester from May 1, 2020 – December 31, 2020; which will increase Medicare payments by 2%. (Section 3709)
- Provides a 20% add on payment for treatment of patients with COVID, up from 15% as originally proposed. (Section 3710)
- All testing for COVID-19 is to be covered by private insurance plans without cost sharing. (Section 3201)
- Waives certain post-acute rules to allow for use of capacity, including waiving the IRF 3 hour therapy rule and LTACHs can remain designated if they have more than 50% of cases that are less intensive and will pause site neutral payment method. (Section 3711)
- Will provide advance Medicare payments by allowing hospitals, including critical access hospitals to request up to six months advance lump sum or periodic payments based on unbilled discharges or unpaid bills. Repayment would not be required for at least 4 months and could repay within 12 months without interest. (Section 3719)
- Delays cuts in Medicaid DSH through November 30, 2020. (Section 3813)
- Increases Medicaid FMAP by 6.2%. (Section 3720)

Section 1102: Small Business Administration (SBA) Loans

The government will guarantee 100% of loans under SBA through December 2020. Eligibility will include small business and 501 c 3 nonprofits (including hospitals) with at or below 500 employees. It allows businesses with more than one location that employs no more than 500 employees per physical location in certain industries to be eligible who also are below a gross annual receipts threshold. The loan period will be for February 15, 2020 – December 31, 2020. The maximum loan will be up to \$10 million, with a formula tied to payroll cost incurred by the business. Loans can be used for payroll support, paid medical leave, insurance premiums, mortgages, and utilities. The total authorized for these provisions is \$349 Billion through December 31, 2020.



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Section 1106: Loan Forgiveness

These loans (or a portion thereof) can be forgiven in an amount equal to the amount spent by the borrower during an 8-week period **after** the origination date of the loan on payroll costs, interest payment on any mortgage incurred prior to February 15, 2020, payment of rent on any lease in force prior to February 15, 2020 and payment on any utility for which service began before February 15, 2020.

Accelerated payments on mortgages and rent are excluded. Eligible payroll costs do not include compensation above \$100,000 in wages.

The amount forgiven will be reduced proportionally by any reduction in employees retained compared to the prior year and reduced by the reduction in pay of any employee beyond 25 percent of their prior year compensation. To encourage employers to rehire any employees who have already been laid off due to the COVID-19 crisis, borrowers that re-hire workers previously laid off will not be penalized for having a reduced payroll at the beginning of the period.

Section 4003: Economic Relief to Distressed Sectors

Any business that has not otherwise received adequate relief through loans elsewhere in the bill may receive loans under this section. The Treasury is to implement a special facility through the Federal Reserve targeted at nonprofits and business from 500 - 10,000 employees which must be used to retain at least 90% of their workforce and the business must remain neutral to collective bargaining during the term of the loan. The loan cannot include increased payments to an officer or employee that receives more than \$425,000 in compensation.

Section 2108, 2109: Unemployment

There will be payment to states to reimburse nonprofits and government agencies for one half of the cost they incur through December 31, 2020 to pay unemployment benefits plus funding to support "short time compensation" where employers reduce employee hours versus laying off workers.

Section 2301: Employee Retention

The bill provides for a refundable payroll tax credit for 50% of wages paid to employees during the COVID period for employers whose operations were fully or partially suspended due to a COVID related shutdown or where receipts dropped more than 50% compared to the prior quarter. The credit is for the first \$10,000 in compensation.

Section 2302: Delay of Payment of Employer Payroll Taxes

Allows to defer payment of the employer share of the Social Security tax. If deferred, the tax is to be paid half in 2021 and half in 2022.



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Other Provisions of Potential Interest to Hospitals

- COVID-19 testing with no cost to patients requires an insurer to pay either the rate specified in a contract between the provider and insurer or, if there is no contract, the cash price posted by the provider.
- \$1.32 billion in supplemental funding to community health centers on the front lines of testing and treating patients for COVID-19.
- Reauthorizes HRSA grant programs promoting the use of telehealth for health care delivery, education and information services.
- Reauthorizes HRSA grant programs for rural health.
- Limits liability for volunteer health care professionals for the duration of the public health emergency.