

# PYA COVID-19 Provider Payments Breakdown

There are several available sources for COVID-19 relief funding and loan proceeds, each with unique terms and restrictions. PYA's COVID-19 Provider Payments Breakdown gives providers a summary of the types of funding and means of accessing them, an overview of key provisions, and an outline of actionable items. Once funds are received, it is imperative that providers track and manage related terms and conditions.

## CARES Act Provider Relief Fund General Distribution (Round I)

<p><b>Type</b> Grant with no repayment, provided specific terms &amp; conditions are satisfied</p>	<p><b>Overview/Key Terms</b></p> <ul style="list-style-type: none"> <li>Between April 10 and April 24, HHS distributed \$30 billion to providers that received Medicare fee-for-service reimbursements in 2019</li> <li>Each provider TIN received approximately 6.2% of its 2019 Medicare fee-for-service payments</li> </ul>
<p><b>Access Route</b> None – The Department of Health and Human Services (HHS) automatically initiated direct deposits or mailed checks to all TINs that billed Medicare Part A or Part B in 2019 (with some minor exclusions)</p>	
<p><b>Action Items/Monitoring</b></p> <ul style="list-style-type: none"> <li>Within 90 days of receipt, recipient must complete attestation via the Provider Relief Fund Attestation <a href="#">Portal</a>, confirming receipt and agreement to specific <a href="#">terms and conditions</a></li> <li>Recipient must maintain documentation and eventually submit written reports demonstrating funds were used solely for COVID-related expenses and lost revenue</li> <li>Funds cannot be used to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse</li> </ul>	
<p><b>Resources</b>   See PYA's "<a href="#">Latest Updates – \$100 Billion COVID-19 Provider Relief Fund</a>" and "<a href="#">COVID-19 Provider Relief Fund Payments – Filling in the Gaps</a>"</p>	

## CARES Act Provider Relief Fund General Distribution (Round II)

<p><b>Type</b> Same as General Distribution – Round I</p>	<p><b>Overview/Key Terms</b> HHS is now distributing an additional \$20 billion so that each Medicare provider receives from the \$50 billion general distribution an amount equal to approximately 2% of its 2018 net patient revenue</p>
<p><b>Access Route</b></p> <ul style="list-style-type: none"> <li>HHS automatically initiated direct deposits to those Medicare providers filing cost reports (unless HHS determined a provider's cost report did not include necessary information)</li> <li>Providers who received Round I payment, but did not receive automatic Round II payment, may apply via the HHS Payment Portal by submitting required financial information by June 3; the same FAQs address this application process</li> </ul>	
<p><b>Action Items/Monitoring</b></p> <ul style="list-style-type: none"> <li>Within 90 days of receipt, recipient must complete attestation via the Provider Relief Fund Portal, confirming receipt and agreement to <a href="#">specific terms and conditions</a> (in addition to Round I attestation)</li> <li>Recipients must still submit required financial information via the Provider Relief Fund <a href="#">Payment Portal</a> by no later than June 3; HHS has published detailed <a href="#">FAQs</a> regarding these required submissions</li> <li>All other General Distribution – Round I requirements apply</li> </ul>	
<p><b>Resources</b>   See PYA's "<a href="#">Latest Updates – \$100 Billion COVID-19 Provider Relief Fund</a>" and "<a href="#">COVID-19 Provider Relief Fund Payments – Filling in the Gaps</a>"</p>	

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## CARES Act Provider Relief Fund Rural Distribution

<p><b>Type</b> Same as General Distribution – Round I</p>	<p><b>Overview/Key Terms</b> Beginning May 1, HHS distributed \$10 billion to rural providers, as follows:</p> <ul style="list-style-type: none"> <li>• Rural Prospective Payment System (PPS) Hospitals and Critical Access Hospitals – graduated base payment + 1.97% of hospital’s operating expenses</li> <li>• Provider-Based Rural Health Clinics – no separate payment; included in hospital operating expenses</li> <li>• Independent Rural Health Clinics – \$100,000 per clinic site + 3.6% of RHC’s operating expenses</li> <li>• Rural Federally Qualified Health Centers – \$100,000 per rural clinic site</li> </ul>
<p><b>Access Route</b> None – HHS will automatically initiate direct deposit for eligible recipients</p>	
<p><b>Action Items/Monitoring</b></p> <ul style="list-style-type: none"> <li>• Within 90 days of receipt, recipient must complete attestation via the Provider Relief Fund Portal, confirming receipt and agreement to <a href="#">specific terms and conditions</a> (in addition to other attestation[s])</li> <li>• All other General Distribution – Round I requirements apply</li> </ul>	
<p><b>Resources</b>   See PYA’s <a href="#">“Latest Updates – \$100 Billion COVID-19 Provider Relief Fund”</a> and <a href="#">“COVID-19 Provider Relief Fund Payments – Filling in the Gaps”</a></p>	

## CARES Act Provider Relief Fund COVID-19 High Impact Hospital Distribution

<p><b>Type</b> Same as General Distribution – Round I</p>	<p><b>Overview/Key Terms</b></p> <ul style="list-style-type: none"> <li>• On May 1, 2020, HHS announced the allocation of \$12 billion to 395 hospitals that provided inpatient care for 100 or more COVID-19 patients through April 10, 2020</li> <li>• Of this amount, \$2 billion will be distributed to these hospitals based on their Medicare and Medicaid disproportionate share and uncompensated care payments; the remainder will be distributed based on a fixed amount per COVID-19 inpatient admission</li> </ul>
<p><b>Access Route</b> None – HHS will automatically initiate direct deposit for eligible recipients</p>	
<p><b>Action Items/Monitoring</b></p> <ul style="list-style-type: none"> <li>• Within 90 days of receipt, recipient must complete attestation via the Provider Relief Fund Portal, confirming receipt and agreement to <a href="#">specific terms and conditions</a> (in addition to other attestation[s]); hospitals should continue to update the number of COVID-19 admissions and any expanded ICU bed counts in the event HHS makes additional High Impact Hospital Distributions from the Provider Relief Fund</li> <li>• All other General Distribution – Round I requirements apply</li> </ul>	
<p><b>Resources</b>   See PYA’s <a href="#">“Latest Updates – \$100 Billion COVID-19 Provider Relief Fund”</a></p>	

## CARES Act Provider Relief Fund Skilled Nursing Facility (SNF) Distribution

<p><b>Type</b> Same as General Distribution – Round I</p>	<p><b>Overview/Key Terms</b></p> <ul style="list-style-type: none"> <li>• On May 22, 2020, HHS announced the allocation of \$4.9 billion to all certified SNFs with six or more certified beds</li> <li>• Each eligible SNF will receive a fixed distribution of \$50,000, plus a distribution of \$2,500 per bed</li> </ul>
<p><b>Access Route</b> None – HHS will automatically initiate direct deposit for eligible recipients</p>	
<p><b>Action Items/Monitoring</b></p> <ul style="list-style-type: none"> <li>• Within 90 days of receipt, recipient must complete attestation via the Provider Relief Fund Portal, confirming receipt and agreement to <a href="#">specific terms and conditions</a> (in addition to other attestation[s])</li> <li>• All other General Distribution – Round I requirements apply</li> </ul>	
<p><b>Resources</b>   See <a href="#">HHS Announces Nearly \$4.9 Billion Distribution to Nursing Facilities Impacted by COVID-19</a></p>	

## Paycheck Protection Program (PPP) Loan

<p><b>Type</b></p> <p>Loan with forgiveness potential, administered by the Small Business Administration (SBA)</p>	<p><b>Overview/Key Terms</b></p> <ul style="list-style-type: none"><li>• The loan amount is determined by the calculation as described in the loan application, with a maximum amount of \$10 million</li><li>• Payroll costs must comprise at least 75% of the borrower's use of PPP loan proceeds</li><li>• Recipients will be eligible for loan forgiveness for the following costs incurred and paid, or incurred and paid by the next due date, during the eight-week period commencing on the date the loan is funded:<ul style="list-style-type: none"><li>• Certain defined payroll obligations, and</li><li>• Certain operating expenses (rent, utilities, certain interest expenses)</li></ul></li><li>• Failure to use funds as permitted will result in a reduction of loan forgiveness and a repayment obligation</li><li>• Any unforgiven portion of PPP loans will be repaid over a maximum two-year period from the loan commencement date with an interest rate of 1% and no prepayment penalty</li><li>• Loans in excess of \$2M will be reviewed by the SBA</li><li>• Borrowers (employers) can defer portions of their payroll tax payments to future years until their loan is deemed forgiven</li></ul>
<p><b>Access Route</b></p> <p>Must apply for loan with an authorized SBA lender who "opts" into the program</p>	
<p><b>Action Items/Monitoring</b></p> <ul style="list-style-type: none"><li>• The SBA recently released the <a href="#">PPP Loan Forgiveness Application</a></li><li>• To obtain forgiveness, borrowers must submit a certified application with supporting documentation to their lenders; reductions in loan forgiveness will be made if funds are not used for allowable costs in the percentages prescribed, the number of employees is reduced, or wages paid to employees whose pay rate is less than \$100,000 are reduced greater than 25%<ul style="list-style-type: none"><li>• Once completed, the Forgiveness Application must be submitted to the lender in addition to any other documentation the lender may require</li><li>• The application contains four key components:<ol style="list-style-type: none"><li>1. The PPP Loan Forgiveness Calculation Form</li><li>2. The PPP Schedule A</li><li>3. The PPP Schedule A Worksheet</li><li>4. The PPP Borrower Demographic Information Form</li></ol></li></ul></li><li>• Details on reductions in loan forgiveness can be found in PYA's "<a href="#">Paycheck Protection Loan Program for Small Businesses</a>;" borrowers should monitor current U.S. Department of the Treasury, Internal Revenue Service, and SBA guidance for appropriate uses and requirements related to the PPP</li><li>• PPP loan proceeds may not be used for the same purposes as CARES Act relief funds or Economic Injury Disaster Loan funds; as a result, organizations will need to track expenditures, and ensure funds are segmented appropriately</li><li>• Ensure payroll tax payment deferrals (see "Payroll Tax Deferral" section) are not deferred beyond the date the loan is forgiven, and that payments are remitted by extended deadlines</li></ul>	
<p><b>Resources</b>   See PYA's "<a href="#">Paycheck Protection Loan Program for Small Businesses</a>," "<a href="#">Payroll Tax Deferral Opportunities for Employers Participating in Paycheck Protection Program (PPP)</a>," and "<a href="#">PPP Forgiveness: SBA Issues Loan Forgiveness Application</a>"</p>	

## Physician Financial Arrangements Relying on Stark Law Waiver

<p><b>Type</b> Blanket waiver of specific Stark Law restrictions on financial arrangements with referring physicians</p>	<p><b>Overview/Key Terms</b></p> <ul style="list-style-type: none"> <li>The Stark Law blanket waivers, effective March 1, 2020, allow providers to “address...medical practices or business interruption due to the COVID-19 outbreak... in order to maintain the availability of medical care and related services for patients and the community”</li> <li>Organizations can modify existing arrangements that would not typically comply with Stark Law to address these impacts of the COVID-19 pandemic</li> </ul>
<p><b>Access Route</b> Providers of designated health services (as defined in the Stark Law) may elect to enter into otherwise prohibited financial arrangements with physicians; no application or submission to any federal agency is required</p>	
<p><b>Action Items/Monitoring</b></p> <ul style="list-style-type: none"> <li>Maintain appropriate documentation of the justification for any terms of any financial arrangement based on the Stark Law blanket waiver</li> <li>Put in place processes to unwind any such arrangement following the end of the declared public health emergency</li> </ul>	
<p><b>Resources</b>   See PYA’s <a href="#">“Stark Law Blanket Waiver Documentation Checklist”</a> and <a href="#">“COVID-19 Compensation Documentation for Transitioned Physicians”</a></p>	

## Health Resources & Services Administration (HRSA) Small Rural Hospital Improvement Grant Program – Supplemental COVID-19 Grants

<p><b>Type</b> Distribution of \$150 million in CARES Act funding for HRSA’s Small Rural Hospital Improvement Program (SHIP)</p>	<p><b>Overview/Key Terms</b> Historically, SHIP has funded State Offices of Rural Health, which in turn accept grant applications from rural hospitals to fund specified initiatives (value-based purchasing, accountable care organizations, episodic payments)</p>
<p><b>Access Route</b> HRSA distributed funds to State Offices of Rural Health, which in turn distributed those funds to rural hospitals with fewer than 50 beds; average award per hospital was \$85,000</p>	
<p><b>Action Items/Monitoring</b></p> <ul style="list-style-type: none"> <li>Recipient hospitals cannot use Provider Relief Funds for expenses and losses covered by SHIP funds</li> </ul>	
<p><b>Resources</b>   See <a href="#">COVID-19 Frequently Asked Questions – Federal Office of Rural Health Policy</a></p>	

## HRSA COVID-19 Claims Reimbursement to Healthcare Providers and Facilities for Testing and Treatment of the Uninsured

<p><b>Type</b> Reimbursement for COVID-19 testing and treatment claims submitted for uninsured patients</p>	<p><b>Overview/Key Terms</b></p> <ul style="list-style-type: none"> <li>HHS will provide claims reimbursement to healthcare providers, generally at Medicare rates, for COVID-19 testing or provision of treatment for uninsured individuals with a COVID-19 diagnosis <b>on or after February 4, 2020</b></li> <li>Claims will be reimbursed subject to available funding</li> </ul>
<p><b>Access Route</b> All claims must be submitted electronically using an 837 EDI transaction set; payments will be received electronically once claim is processed and approved for payment</p>	
<p><b>Action Items/Monitoring</b></p> <ul style="list-style-type: none"> <li>To participate in the program, providers will need an Optum ID that enables entry into the <a href="#">HRSA COVID-19 Uninsured Program Portal</a></li> <li>Program participants will need to validate their TIN, set up Optum Pay Automated Clearing House (ACH), add their provider roster, add and attest to their patient roster, and submit claims for reimbursement</li> </ul>	
<p><b>Resources</b>   See PYA’s <a href="#">“Feds Commit ‘Marshall Plan’ Funds to Reimburse Providers for Treating Uninsured COVID-19 Patients”</a></p>	

## Economic Injury Disaster Loan (EIDL)

<p><b>Type</b> Loan with forgiveness potential; emergency advance/grant with no repayment regardless of loan qualification decision</p>	<p><b>Overview/Key Terms</b></p> <ul style="list-style-type: none"> <li>• These are working capital loans of up to \$2 million</li> <li>• Applicants may request up to a \$10,000 emergency advance/grant (no repayment) as part of the loan application process</li> <li>• Repayment terms for these funds are determined by the borrower’s ability to repay the loan</li> </ul>
<p><b>Access Route</b></p> <ul style="list-style-type: none"> <li>• Previously applied for via SBA lender; however, due to limitations in funding availability and the volume of applications already received, only agricultural business applications are currently accepted</li> <li>• Applications already submitted will continue to be processed on a first-come, first-served basis</li> </ul>	
<p><b>Action Items/Monitoring</b></p> <ul style="list-style-type: none"> <li>• These loans may be refinanced as part of a Section 7(a) PPP loan, but loan proceeds may not be used for the same purposes as the allowable uses of a PPP loan</li> <li>• If received, the emergency advance/grant must be used for payroll, sick leave, increased supply costs, rent/mortgage payments, and certain other items</li> </ul>	
<p><b>Resources</b>   See PYA’s <a href="#">“Physician Practices Survival Tactics”</a> webinar and <a href="#">SBA notice regarding new eligibility for EIDL and advance</a></p>	

## Payroll Tax Deferral

<p><b>Type</b> Deferment of portions of employer payroll tax payments to future years</p>	<p><b>Overview/Key Terms</b></p> <ul style="list-style-type: none"> <li>• This program allows employers to defer the employer’s share of Social Security taxes (<b>6.2% of compensation</b>) for payments required to be made between March 27, 2020, and December 31, 2020</li> <li>• Any payroll taxes deferred must be paid back in two equal installments – one no later than December 31, 2021, and the other no later than December 31, 2022</li> </ul>
<p><b>Access Route</b></p> <ul style="list-style-type: none"> <li>• Employers will not be required to make any special election for these deferrals, and no failure to deposit or pay penalties will apply to amounts deferred</li> <li>• IRS Form 941, <i>Employer’s Quarterly Federal Tax Return</i>, will be revised for the second calendar quarter of 2020 (April – June 2020) to facilitate making these deferrals</li> </ul>	
<p><b>Action Items/Monitoring</b></p> <ul style="list-style-type: none"> <li>• PPP loan participants are only eligible to defer these payroll tax payments until a determination is made by the SBA about loan forgiveness; as a result, PPP loan participants will need to ensure they resume payroll tax payments as normal, immediately following the date their loan is <b>fully or partially</b> forgiven             <ul style="list-style-type: none"> <li>• If the employer’s circumstances lead to a complete denial of loan forgiveness, it appears that the statute allows for continued deferral through the end of the year</li> </ul> </li> </ul>	
<p><b>Resources</b>   See PYA’s <a href="#">“Payroll Tax Deferral Opportunities for Employers Participating in Paycheck Protection Program (PPP)”</a> and <a href="#">“Cash Flow Help for Employers Through Deferral of Payroll Taxes”</a></p>	

## Medicare Advance/Accelerated Payment Program

<p><b>Type</b> Advance with future repayment</p>	<p><b>Overview/Key Terms</b></p> <ul style="list-style-type: none"> <li>Part A providers may request up to 100% of their Medicare payments for a three-month period</li> <li>Inpatient acute care hospitals, children’s hospitals, and cancer hospitals may request up to 100% of their Medicare payments for a six-month period</li> <li>Critical access hospitals may request up to 125% of their Medicare payments for a six-month period</li> </ul>
<p><b>Access Route</b> Discontinued April 26, 2020, for Part B providers, but applications still accepted for hospitals; accessed via application to an entity’s Medicare Administrative Contractor (MAC)</p>	
<p><b>Action Items/Monitoring</b></p> <ul style="list-style-type: none"> <li>Medicare does not require recipients to report any information related to these advance payments</li> <li>Recoupment of these payments begins 120 days following receipt of the advance, with the MAC withholding payment on all claims up to the amount of the advance</li> <li>For hospitals, MACs will perform reconciliation one year following receipt; if any remaining amount is owed, the MAC will make a demand for direct payment</li> <li>For all other providers, the MAC will perform reconciliation and make demand for payment of any remaining amount 210 days following payment of the advance</li> <li>Providers should monitor cash flow in anticipation of these recoupments and should ensure the amount withheld ties to the original advance amount</li> </ul>	
<p><b>Resources</b>   See PYA’s <a href="#">“Ensuring Provider Cash Flow During the COVID-19 Pandemic – Medicare Advance Payments”</a></p>	

## Federal Communications Commission (FCC) COVID-19 Telehealth Program

<p><b>Type</b> \$200 million in available grant funding to help healthcare providers furnish telehealth services to patients at their homes or mobile locations in response to COVID-19</p>	<p><b>Overview/Key Terms</b></p> <ul style="list-style-type: none"> <li>This program is limited to eligible nonprofit and public healthcare providers that fall within the categories of healthcare providers in Section 254(h)(7)(B) of the 1996 Telecommunications Act</li> <li>Funding will afford eligible healthcare providers support to purchase telecommunications, information services, and connected devices necessary to provide telehealth services to patients in response to the pandemic; for details on eligible services and devices, please see <a href="#">“COVID-19 Telehealth Program – Frequently Asked Questions (FAQs)”</a></li> </ul>
<p><b>Access Route</b></p> <ul style="list-style-type: none"> <li>Applications must be submitted using the <a href="#">online application portal</a></li> <li>To submit an application, <a href="#">eligible parties will need</a> an FCC Registration Number, username, and password in the Commission Registration System (CORES) and an eligibility determination from the Universal Service Administrative Company (USAC)</li> <li>Funding decisions will be made on a rolling basis; the FCC will continue to accept and review applications until funding is exhausted, or the declared public health emergency has ended</li> </ul>	
<p><b>Action Items/Monitoring</b></p> <ul style="list-style-type: none"> <li>Rather than receiving lump-sum payment, grant recipients must invoice the FCC on a monthly basis for expenses incurred using the U.S. Department of the Treasury’s Bureau of the Fiscal Service Invoice Processing Platform; grant recipients will be required to comply with all program rules and requirements, including applicable reporting requirements, and may be subject to compliance audits</li> </ul>	
<p><b>Resources</b>   See PYA’s <a href="#">“Don’t Miss Out – \$200M In Provider Assistance With FCC’s Telehealth Program”</a></p>	



## FEMA Public Assistance Program

<p><b>Type</b> Grant with no repayment for costs related to emergency protective measures conducted as a result of the COVID-19 pandemic</p>	<p><b>Overview/Key Terms</b></p> <ul style="list-style-type: none"> <li>Emergency medical care is eligible for reimbursement so long as it is provided in clinics, facilities that provide inpatient care for convalescent or chronic disease patients, hospices and nursing homes, hospitals and related facilities, long-term care facilities, outpatient facilities, rehabilitation centers that provide medical care, and ambulance services specific to the event; additional emergency protective measures and eligible costs (aside from medical care) can be found in FEMA's <a href="#">Public Assistance Program and Policy Guide</a></li> <li>As part of the application process, applicants must provide information about the activities for which they are requesting funding, as well as supporting documentation to justify the request</li> <li>If the applicant receives funding from another source for the same work FEMA funds, FEMA reduces the eligible cost or de-obligates funding to prevent a duplication of benefits</li> </ul>
<p><b>Access Route</b> Must apply via COVID-19 Streamlined Project Application accessed through the <a href="#">Public Assistance Grants Portal</a>; recipients should work through their FEMA regional point of contacts to make sure all necessary <a href="#">forms/paperwork</a> (see resources section for this item) have been filled out before applying for a grant</p>	
<p><b>Action Items/Monitoring</b></p> <ul style="list-style-type: none"> <li>While requirements vary between activities, applicants should be prepared to provide supporting documentation that ties costs to eligible activities and properly documents activities (who, what, where, when, etc.)</li> <li>Organizations may elect to contract with a firm or organization to provide oversight and advocacy on their behalf throughout the application and public assistance process; these third-party advisors then represent the organization at most or all meetings with the state and FEMA, and costs for their services may be reimbursable as direct administrative costs; PYA recommends applicants work with a firm or organization that specializes in FEMA funding to ensure compliance with all federal regulations pertaining to cost segregation and other matters</li> </ul>	
<p><b>Resources</b>   See <a href="#">FEMA's COVID-19 Fact Sheet</a></p>	

## Employee Retention Credit

<p><b>Type</b> Fully refundable employer tax credit applied toward qualified employee wages</p>	<p><b>Overview/Key Terms</b></p> <ul style="list-style-type: none"> <li>This credit is taken against the employer portion of the Social Security taxes under Section 3111(a) of the Internal Revenue Code</li> <li>The credit is equal to 50% of qualified wages (including allocable qualified health plan expenses); wages paid after March 12, 2020, and before January 1, 2021, qualify under the terms of the Act</li> <li>The maximum amount of qualified wages taken into account with respect to each employee for all calendar quarters is \$10,000, so that the maximum credit for an eligible employer for qualified wages paid to any employee is \$5,000</li> </ul>
<p><b>Access Route</b></p> <ul style="list-style-type: none"> <li>Eligible employers must report their total qualified wages and any related credits on a quarterly basis, typically through completion of IRS Form 941, <i>Employer's Quarterly Federal Tax Return</i></li> <li>Because quarterly returns are not filed until after qualified wages are paid, some eligible employers may not have sufficient federal employment taxes set aside for deposit to the IRS to fund their qualified wages; as a result, the IRS has established a procedure for obtaining an advance of the refundable credits (details can be found in PYA's "<a href="#">Credits Available to Help Retain Employees</a>")</li> </ul>	
<p><b>Action Items/Monitoring</b></p> <ul style="list-style-type: none"> <li>Eligible employers may receive both the tax credits for the qualified leave wages under the <a href="#">Families First Coronavirus Relief Act</a> (FFCRA), and the Employee Retention Credit under the CARES Act, but not for the same wages; the amount of qualified wages for which an eligible employer may claim the Employee Retention Credit does not include the amount of qualified sick and family leave wages for which the employer received tax credits under the FFCRA</li> <li><i>An eligible employer that receives a PPP loan should not claim Employee Retention Credits</i></li> </ul>	
<p><b>Resources</b>   See PYA's "<a href="#">Credits Available to Help Retain Employees</a>"</p>	