Financial Programs for Rural Health Clinics During COVID-19 Pandemic

The federal government recognizes that the health care industry is in the midst of both a public health crisis and a financial crisis and while it may or may not be enough, they have appropriated $175 billion thus far to keep our industry afloat. This $175 billion has been split into multiple allocations for different purposes and it comes on top of other programs, such as the Paycheck Protection Program and the Medicare Accelerated Payment Program.

Thankfully, due to the efforts of the RHC community and NARHC, rural health clinics have been largely included in these various programs.

However, it can be a bit overwhelming to sort through all the different pools of money. Therefore, we wanted to update the RHC community on where things stand as of April 27th.

We will discuss the following programs:

Provider Relief Fund

- $50 billion general allocation
- $10 billion rural health allocation (from CARES Act)
- Allocation for treatment of the uninsured
- $225 million grant or allocation for Rural Health Clinics (from Paycheck Protection and Healthcare Enhancement Act)

Paycheck Protection Program

- $349 billion from CARES Act
- $310 billion from Paycheck Protection and Healthcare Enhancement Act

Medicare Advanced and Accelerated Payment Program

Provider Relief Fund

General Allocation ~ $50 billion

On Friday, April 24th, HHS **announced** plans for distributing another $20 billion from the "general allocation" to providers. This $20 billion comes in addition to the $30 billion HHS administered to providers between April 10th and April 17th based on their Medicare reimbursements from 2019 to create the $50 billion general allocation. These funds will not have to be paid back but do come with terms and conditions which you can attest to **here**.

All providers who received money from the initial $30 billion, including those who automatically received money again last week, need to go THIS LINK to verify their 2018 net patient revenue in the general distribution portal. However, providers who have not received funding from the general allocation as of 5:00 pm EST on April 24th should NOT use the general distribution portal.

The first tranche of money ($30 billion) allocated, was based on roughly 6.2% of Medicare reimbursements from 2019.

The second tranche of money ($20 billion), will be based on 2% of 2018 net patient revenue MINUS what you may have already received from the first allocation.

For providers with large portion of Medicare patients, your first allocation may be more than 2% of your 2018 net patient revenues. In this scenario, you will likely not receive any additional funds in this second round. At this time, we do not believe that providers in this situation will have money recouped back to HHS, but we are in the process of confirming this.

If, however, your first payment did not exceed 2% of your 2018 net patient revenue, you can expect an additional payment. Provider-based RHCs should have already received this second payment last week based upon their 2018 cost report. Independent RHCs will receive their second payment after they verify their net patient revenue at the general distribution portal again linked **here**.

Allocation for Rural Providers ~ $10 billion

HHS **announced** on Wednesday that $10 billion from the provider relief fund created by the CARES Act would go specifically to rural health clinics and hospitals. The details of how this will be administered are still being worked on however we do know that it will be based on "operating expenses."

This is a "targeted allocation" and considered separate from the general allocation pot.

NARHC is meeting with HHS tomorrow to discuss how this might be operationalized. Funds from this targeted allocation may be distributed as early as this week.

Allocation for treatment of the uninsured ~ unspecified amount

This allocation is designed to ensure that providers are paid for testing and treatment related to COVID-19 they provide to uninsured patients. Beginning yesterday, providers should register **here** if you have provided testing or treatment for uninsured patients.

Providers will be reimbursed "generally" at Medicare rates (subject to available funding) and claims submission is expected to begin on May 6th.

Rural Health Clinic specific grant/allocation ~ $225 million

An additional $225 million was set aside and dedicated specifically for RHCs in the phase 3.5 legislation more formally known as the "Paycheck Protection and Healthcare Enhancement Act."

The details of this program are being worked out but you can read our full article on this allocation **here**.

This money must be "used to provide additional funding for COVID-19 testing and related expenses…"

Paycheck Protection Program

The Paycheck Protection Program was re-opened again yesterday after the first $349 billion was loaned out to businesses with less than 500 employees. The Paycheck Protection and Healthcare Enhancement Act, which was signed into law by President Trump last week, added another $310 billion to the program. Details on the PPP can be found **here**.

Notably for the rural health community, the Small Business Administration issued an **interim final rule** clarifying that hospitals owned by government entities **ARE ELIGBLE** for a PPP loan if they would otherwise qualify. The only caveat is that the government-owned hospital must receive less than 50% of its funding from state or local government sources (not including Medicaid).

Medicare Advanced and Accelerated Payment Program

As of April 26th, CMS **announced** that it is suspending its Advance Payment Program and reevaluating its Accelerated Payment Program. These programs allowed providers to receive advanced/accelerated payments from Medicare, but these payments would have to be repaid back to Medicare typically within the year.

This program was designed to help providers get through liquidity issues but is now being suspended/reevaluated "in light of the $175 billion recently appropriated for health care provider relief payments."