

## **Overview of Administration Commitments on Health**

During negotiations, Democrats aggressively pushed Congressional Republicans and the Administration for more support for our health care system. As a result, we secured \$75 billion in additional funding to cover Covid-19 related expenses and \$25 billion to cover testing needs.

We also pushed for two additional priorities. First, for the administration to demonstrate a better system for allocating the now \$175 billion in health system funding Congress appropriated between the CARES Act and this interim bill. Second, for changes to the punitive interest rate and repayment terms for the Medicare hospital and provider payment programs expanded in the CARES Act and by the Centers for Medicare and Medicaid Services (CMS). We were able to secure major commitments from the Administration on both fronts.

### **Health System Fund**

Congress appropriated \$100 billion in the CARES Act to support the health system in its fight against Covid-19, and the interim bill will include an additional \$75 billion in funding. However, despite having nearly a month to distribute the initial \$100 billion, HHS has only sent out \$30 billion in a manner that did not target areas most affected by Covid-19 and left out numerous providers. Over the past few weeks, many members wrote to HHS asking them to distribute the funds in a more targeted and expeditious manner.

As part of these negotiations, HHS has committed that it will send out an additional \$60 billion dollars in the coming weeks, much of it coming within the next 10 days. That funding will be distributed as follows:

- \$10 billion for hotspots, which will be for the top 100 counties with Covid-19 cases to date. Payments are expected to be distributed by next Wednesday, April 29. The funding will be based on total ICU beds and Covid-19 patient admissions, cumulatively for the period from January 1 to April 10. An additional weighting factor, using Medicaid DSH status, will provide a greater proportion of this funding to those that treat underserved patients.
- \$10 billion in additional hotspot funding, expected to go out in the next 45 days.
- \$10 billion for rural health care.
- \$400 million for Native American health care systems. Payments are expected to be distributed on Friday, April 24.
- \$20 billion to reconcile the inequities from the initial \$30 billion, which was based on Medicare fee-for-service payments and left out providers that rely heavily on non-FFS payers. When combined with the initial \$30 billion, this total will be calculated based on the provider's portion of 2018 net patient revenue. Of this total, \$9.3 billion will be released by Friday, and the remaining \$10.7 billion will require providers to submit an application attesting to their revenue. Those payments will go out weekly on a rolling basis.

- \$10 billion to cover the cost of providing treatment for the uninsured. Applications will be accepted within 10 days, with payments going out within 30 days.

### **Medicare Advance Payments**

In order to protect the public health, hospitals and providers have been ordered to postpone elective or non-urgent medical treatments. This has led to a massive decrease in revenue and many providers are facing potential bankruptcy and closure. According to the administration's calculations, the health system has lost \$190 billion since the beginning of the Covid-19 pandemic.

One partial solution secured in the CARES Act was an expansion of the Medicare hospital accelerated payment program. Under this program and the advance payment program expanded by the CMS, hospitals and providers are able to receive their Medicare payments in advance and then reconcile these payments against future claims. Traditionally, they are used to address limited claim submission or processing delays. Democrats secured an expansion of the accelerated payment program to allow a greater total volume of payments and an extension of the time providers have to repay the amounts by which they were overpaid. This was done in an attempt to provide some emergency cash flow relief.

Despite these changes, health care providers have expressed a need for more flexibility and more affordable access to cash. The interest rate applied to payments not recouped within 12 months is set by the Secretary of the Treasury and in recent years has been approximately 10 percent. As well, hospitals and providers have repeatedly said that 12 months is not nearly enough time to financially recover from this crisis. While Democrats wanted to solve these problems legislatively, we were able to secure major commitments to work on this issue. Specifically, the administration committed that, by the end of this week, Secretary Mnuchin and Chief of Staff Meadows will release a letter stating that they will:

- Use their administrative authority to reduce the interest rate down from what is currently 10.25 percent to a rate that is more in line with a traditional federal interest rate.
- Use their administrative authority to extend the repayment period beyond 12 months.
- Work with Congress and support legislation in Corona 4 that will place the liability for these payments in Treasury's General Revenue fund, rather than the Medicare Hospital Insurance and Supplemental Medical Insurance Trust Funds. The expansion of these programs must not adversely affect Medicare's solvency or result in premium increases for seniors.