Presented and Sponsored by:

PYA BRIDGING BUSINESS & HEALTHCARE

MHA MONTANA HOSPITAL ASSOCIATION

Frontier States Town Hall Meeting on COVID-19 Guidance

Idaho Hospital Association

Wyoming Hospital Association

New Mexico Hospital Association

Provider Relief Fund Payments

May 19, 2020

PYA

Martie Ross
Principal – Strategy & Integration
mross@pyapc.com

Lori Foley
Principal – Compliance Advisory
lfoley@pyapc.com

David McMillan
Principal – Strategy & Integration
dmcmillan@pyapc.com

$175 Billion Provider Relief Fund

CARES Act + Paycheck Protection Program & Health Care Enhancement Act

1. Payments to providers that "provide diagnoses, testing, or care for individuals with *possible* or actual cases of COVID–19"
2. Payments for "health care related expenses or lost revenues that are attributable to coronavirus: *Provided*, That these funds may not be used to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse."
3. Funds "shall be available for building or construction of temporary structures, leasing of properties, medical supplies and equipment including personal protective equipment and testing supplies, increased workforce and trainings, emergency operation centers, retrofitting facilities, and surge capacity."
4. HHS shall make payments "in consideration of the most efficient payment systems practicable to provide emergency payment"
5. Recipients must "submit reports and maintain documentation as the Secretary determines are needed to ensure compliance with conditions that are imposed by this paragraph…."

First $100 Million - HHS Allocation

1. General Distribution - $50 billion.
   - Round I - $30 billion.
   - Round II - $20 billion.
2. COVID-19 High Impact Hospitals - $12 billion.
3. Rural Providers - $10 billion.
4. COVID Testing and Treatment for Uninsured ($??).

General Distribution - Round I

- $30B distributed to individual TINs that billed Medicare Part A or Part B in 2019.
- Payment based on 6.2% of TIN's 2019 Medicare payments.
- Distributed by UnitedHealth Group between April 10 and April 24.

General Distribution - Round II

- $20 billion now being distributed so that each Medicare provider receives from the $50 billion general distribution an amount equal to approximately 2% of its 2018 net patient revenue (regardless of payer mix)
  - Total 2018 net patient revenue = $2.5 trillion
- Round I distributions went to individual TINs; Round II distributions go to entity filing federal tax return.
- Two methods of making payments.
  - Automatic “advance” payments based on cost report data; recipient must upload most recent IRS tax filings + March and April 2020 lost revenue estimates within 30 days “for verification.”
  - Round I recipients that did not receive automatic Round II payment may apply for such funds if Round I payment < 2% 2018 net patient revenue
- Reconciling 2018 revenue with 2020 TINs (M&A, divestitures)

Round II Verification/Application

Submit the following via Provider Relief Fund Payment Portal - **https://covid19.linkhealth.com/docusign/#/step/1**

1) Provider's "Gross Receipts or Sales" or "Program Service Revenue" as submitted on its federal income tax return.
   - Specific forms and line items from which to obtain information noted in General Distribution Portal FAQs.
   - State-run entity should report net patient revenues from most recent audited annual financial statements
2) Provider's estimated revenue losses in March & April due to COVID-19.
   - Provider "may use a reasonable method of estimating the revenue during March and April compared to the same period had COVID-19 not appeared" e.g., comparison to budget or prior year's performance.
3) Copy of provider's most recently filed federal income tax return.
4) List of TINs for subsidiary organizations that received Round I funds but DO NOT file separate tax returns.

COVID-19 High Impact Hospitals

- By April 25 deadline, 5,598 hospitals reported 184,037 COVID-19 admissions thru April 10.
- HHS allocated $12 billion to 395 hospitals with 100 or more admissions thru April 10 at rate of $76,975 per admission.
  - Represents 71% of all reported COVID-19 admissions.
  - Top 5 states – New York, New Jersey, Illinois, Michigan, Massachusetts.
- HHS FAQ: Should providers continue to update their high-impact data?
  - "Providers should update their capacity and COVID-19 census data to ensure that HHS can make timely payments in the event that the provider becomes a high-impact provider. Providers can update their information through their CDC National Healthcare Safety Network account."

Rural Providers

"Rural hospitals, many of whom were operating on thin margins prior to COVID-19, have also been particularly devastated by this pandemic. As healthy patients delay care and cancel elective services, rural hospitals are struggling to keep their doors open."

- Rural PPS Hospitals and Critical Access Hospitals.
  - Graduated base payment (between $1M and $3M) + 1.97% of hospital's operating expenses reported on most recent, publicly available cost report.
- Provider-Based Rural Health Clinics.
  - No separate payment; included in hospital operating expenses.
- Independent Rural Health Clinics.
  - $100,000 per clinic site + 3.6% of RHC's historical operating expenses.
- Rural Federally Qualified Health Centers.
  - $100,000 per rural clinic site.

The Price You Pay - Attestation

- Within **45 days** of receiving *each* payment, recipient must (1) sign attestation confirming receipt of funds and agreeing to Terms and Conditions or (2) reject funds and remit full payment to HHS as instructed
  - Failure to complete within 45 days = deemed acceptance
  - Changed from 30 to 45 days on May 7 following publication of new FAQs; must act on April 10 payments by May 24
- Complete through Provider Relief Fund Attestation Portal - **https://covid19.linkhealth.com/#/step/1**

Terms & Conditions – Use of Funds

- Certify that recipient provides "diagnoses, testing, or care for individuals with possible or actual cases of COVID-19."
  - HHS: "Care does not have to be specific to treating COVID-19. HHS broadly views every patient as a possible case of COVID-19."
- Certify that funds "will only be used to prevent, prepare for, and respond to coronavirus, and that the Payment shall reimburse the Recipient only for health care related expenses or lost revenues that are attributable to coronavirus."
- Recipient will not use funds "to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse."
  - E.g., Payroll Protection Program
  - Cost report?
  - Medicare Advance/Accelerated Payments?

Recoupment?

- "[R]ecipients [must] be able to demonstrate that lost revenues and increased expenses attributable to COVID-19, excluding expenses and losses that have been reimbursed from other sources or that other sources are obligated to reimburse, exceed total payments from the Relief Fund."
- "Generally, HHS does not intend to recoup funds as long as a provider's lost revenue and increased expenses exceed the amount of Provider Relief funding a provider has received."
- "HHS reserves the right to audit Relief Fund recipients in the future to ensure that this requirement is met and collect any Relief Fund amounts that were made in error or exceed lost revenue or increased expenses due to COVID-19."
- "Failure to comply with other Terms and Conditions may also be grounds for recoupment."

Now or Later?

- HHS FAQ: "Generally, if a provider *does not have or anticipate* having COVID-related lost revenues or increased expenses equal to or in excess of the relief payments received, they should return the funds. If a provider believes it was overpaid or may have received payment in error, it should reject the entire General Distribution payment and submit appropriate revenue documents through the General Distribution portal to facilitate HHS determining their correct payment."
- "Front page of the local paper" test
  - No back-end date on lost revenue or increased expenses
  - No opportunity to return portion of Provider Relief Fund payment; only return all and request adjustment (General Distribution vs. Rural Distribution)
  - Still waiting for HHS guidance

Terms & Conditions – Use of Funds

- Recipient will not use funds for any purpose for which CARES Act funds cannot be used.
  - To pay individual salary in excess of $197,300 (Executive Level II)
    - May pay up to that amount, but not more
    - If allocation 0.5 FTE, limited to $98.650
  - To fund lobbying, abortion, embryonic research, needle exchange, ACORN, capture or procurement of wild chimpanzees, human trafficking.
  - To do business with any entity that requires employees to sign confidentiality agreement prohibiting reporting of fraud, waste, or abuse to federal officials.
  - To do business with a corporation that has unpaid Federal tax liability or has been convicted of a felony Federal criminal violation in preceding 24 months.

Terms & Conditions – Balance Billing

- **"**For all care for a *presumptive or actual case* of COVID-19, Recipient certifies that it will not seek to collect from the patient out-of-pocket expenses in an amount greater than what the patient would have otherwise been required to pay if the care had been provided by an in network [provider]**."**
  - 5/6/2020 FAQs: "A presumptive case of COVID-19 is a case where a patient's medical record documentation supports a diagnosis of COVID-19, even if the patient does not have a positive in vitro diagnostic test result in his or her medical record."
  - Treat balance as COVID-19 expense or lost revenue?
- T&C "do not impose any limitation on the ability of a provider to submit a claim for payment to the patient's insurance company."
  - Most payers have committed to pay out-of-network providers at in-network rates
  - If not, can charge patient co-payment amount
- T&Cs do not address diagnosis and treatment for uninsured.

Terms & Conditions - Reporting

- Submit reports as HHS determines necessary to monitor T&C compliance.
- If receive > $150,000 in federal funds for coronavirus response and related activities, submit quarterly reports to Pandemic Response Accountability Committee (PRAC) with detailed accounting of expenditures.
  - No PRAC forms or guidance available.
- Maintain records and cost documentation, including documentation required by 45 CFR §§ 75.302, 361-365 and by any future program instructions.
- Fully cooperate in all audits the Secretary, OIG, or PRAC conducts to ensure compliance with these Terms and Conditions.

COVID Testing and Treatment for Uninsured

- HHS announced a portion of the Provider Relief Fund will be used to reimburse providers for COVID-related treatment of the uninsured.
  - In addition to $2 billion earmarked in COVID legislation.
- HRSA is taking the lead on these payments.
- Providers could begin enrolling on April 27, start submitting claims on May 6, and begin receiving payment via direct deposit on May 18.
- Reimbursement will generally be based on current-year Medicare fee schedule rates.
- https://www.hrsa.gov/CovidUninsuredClaim

COVID Testing and Treatment for Uninsured

- Steps include enrolling as a provider participant, checking patient eligibility, submitting patient information, submitting claims, and receiving payment via direct deposit.
- "To participate, providers must attest to the following at registration:
  - You have checked for health care coverage eligibility and confirmed that the patient is uninsured. You have verified that the patient does not have coverage such as individual, employer-sponsored, Medicare or Medicaid coverage, and no other payer will reimburse you for COVID-19 testing and/or care for that patient
  - You will accept defined program reimbursement as payment in full.
  - You agree not to balance bill the patient.
  - You agree to program terms and conditions and may be subject to post-reimbursement audit review."

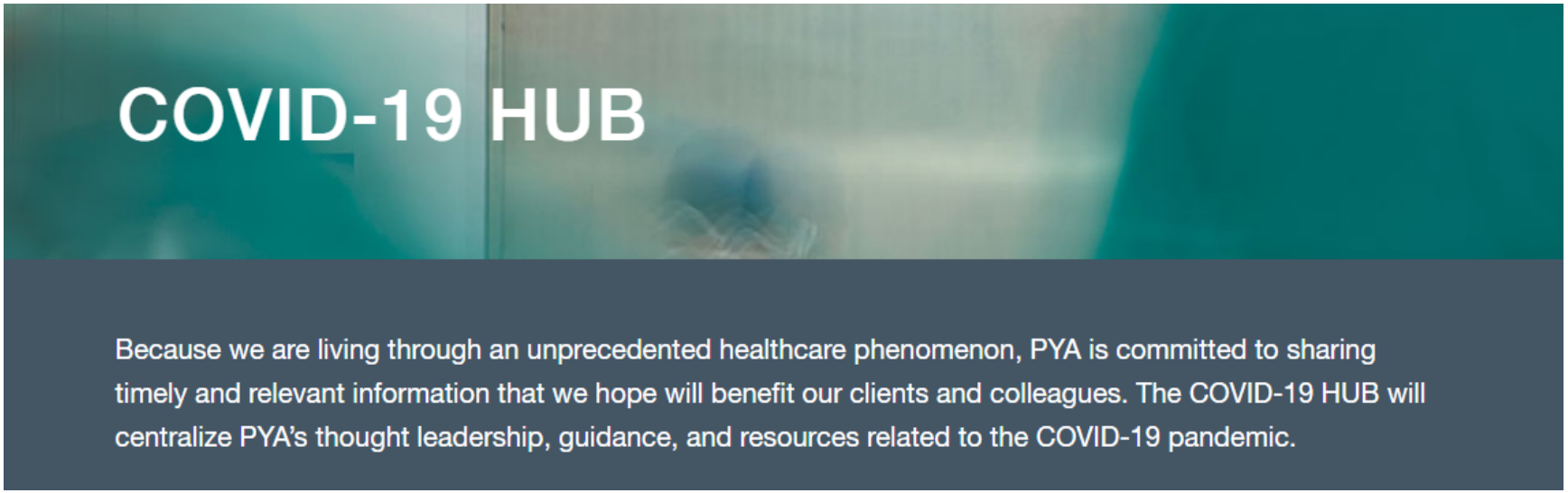
Compliance & Reporting Considerations

- Establish a process to fully vet the requirements – known, implied, potential – of each funding mechanism to ensure the entity can comply with the requirements.
- Designate informed individuals to monitor regularly for additional guidance, rules and regulations.
  - Update internal guidance, educate teams, modify policies and procedures accordingly.
- Create a process to efficiently track sources and uses of funds to ensure compliance with spending requirements and attestations.
  - Prepare in advance for an audit.
  - Create new account numbers for costs related to COVID-19. May include supply costs, capital expenditures to expand ICU capacity, labor costs, including for employees who are performing COVID-19 activities that are not part of their normal job responsibilities?
  - Have defined usage rules for these additions.

Compliance & Reporting Considerations

- Ensure mechanisms are in place to evaluate patient status in light of agreements, T&C of funding mechanisms
  - If patient is out of network and CARES Act relief funds were accepted
  - If patient is self-pay and COVID Testing and Treatment for Uninsured payments are accepted
- May require modification of default programming in billing systems based on **diagnosis codes** and **billing processes** including
  - Payment posting
  - Balance billing
  - 3rd party collections
- Communication will be key and should extend beyond the financial departments evaluating funds and retention of payments.

PYA Resources



- Prior webinar recordings, slides, transcripts, follow-up Q&As
- PYA thought leadership
- Links to important resources

www.pyapc.com/covid-19-hub/

Thank you, and stay well!