

Important COVID-19 Financial Relief Updates – June 10, 2020

HHS Provider Relief Funding

As you know, the U.S. Department of Health and Human Services has been distributing provider relief payments to healthcare providers with funding provided through the CARES Act and the Paycheck Protection Program and Health Care Enhancement Act. HHS has received a total of \$175 billion through these two legislative packages and has distributed \$50 billion through general distribution and additional funds through targeted distributions. To date, payments have primarily been predicated on either Medicare fee-for-service claims data or COVID-19 claims.

Beginning June 10, HHS will distribute \$15 billion in provider relief funds to healthcare providers who participate in state Medicaid and CHIP programs. This funding will supply relief to Medicaid and CHIP providers experiencing lost revenues or increased expenses due to COVID-19. Examples of providers, serving Medicaid/CHIP beneficiaries, possibly eligible for this funding include pediatricians, obstetrician-gynecologists, dentists, opioid treatment and behavioral health providers, assisted living facilities and other home and community-based services providers. HHS will also distribute an additional \$10 billion in provider relief funds to safety net hospitals.

It is important to note that annual patient revenue will be a factor in determining provider relief payments to Medicaid and CHIP providers. The payment to each provider will be at least 2 percent of reported gross revenue from patient care; the final amount each provider receives will be determined after the data is submitted, including information about the number of Medicaid/CHIP or Medicaid Managed Care patients providers served between January 1, 2018 to May 31, 2020. However, **only** providers who have **not** yet received payments from the \$50 billion Provider Relief Fund general distribution are eligible to submit their patient revenue information and participate in this distribution. More information about Medicaid Relief Fund Payment Terms and Conditions is available [here](#).

HHS provider relief payments to Medicaid and CHIP providers is a step forward. However, the criteria and payments are still limited and the AOA is continuing to advocate to HHS and Congress that these payments need to be expanded to include more physicians. To help us with this effort, we continue to need physician feedback to our surveys, participation in our grassroots advocacy, and your partnership as well. Please be on the lookout for sign-on letter opportunities and requests for assistance promoting surveys and grassroots advocacy in the coming weeks.

Paycheck Protection Program Update

Congress passed the Paycheck Protection Flexibility Act of 2020 last week and President Trump signed the legislation into law which makes changes to the Paycheck Protection Program (PPP). The PPP Flexibility Act includes several important changes to the PPP that can help borrowers. It increases the period that borrowers have to spend loan proceeds from eight weeks to 24 weeks

while still receiving loan forgiveness. Mandatory payroll spending is reduced from 75% to 60% and allows borrowers to avoid reductions in forgiveness if they restore full-time employment to pre-COVID-19 levels by Dec. 31, 2020. Additionally, borrowers can now obtain full forgiveness without having to fully restore their workforces. If a loan is not forgiven, the time to pay off loans is extended from two years to five years.

It is also worth noting that there was still more than \$145 billion in PPP funds available as of the end of May. Additionally, while the House-passed HEROES Act expanded the PPP to include 501(c)(6) organizations, legislation carrying this change has yet to pass both the House and Senate, and the AOA continues to advocate for this change.