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INSIGHT

The COVID-19 Health Care Provider Relief Fund

June 26, 2020

In response to the COVID-19 pandemic, some health care providers limited in-person visits and cancelled elective procedures to reduce the spread of COVID-19, prepare for COVID-19 patients, and conserve personal protective equipment. As a consequence, some providers reported forgone revenue and/or significant financial challenges, making it difficult to sustain services. To address these concerns, Congress established the Provider Relief Fund (PRF, or the Fund) in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) and appropriated $100 billion "to reimburse, through grants or other mechanisms, eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus." The Paycheck Protection Program and Health Care Enhancement Act (PPPHCEA, P.L. 116-139) added an additional $75 billion to the Fund.

The PRF provides grants to eligible health care providers, defined in the law as "public entities, Medicare or Medicaid enrolled suppliers and providers, and such for-profit entities and not-for-profit entities not otherwise described in this proviso as the Secretary may specify, within the United States (including territories), that provide diagnoses, testing, or care for individuals with possible or actual cases of COVID–19." Funds do not have to be repaid as long as the provider meets the Fund's terms and conditions. This differs from other provider support programs, such as the Accelerated and Advanced Payment Program (AAP), expanded in the CARES Act, which provides advance Medicare payments. The AAP has since been suspended as providers are directed to apply to the PRF. Some providers may have received funds from both programs. Some providers (e.g., physician practices) may also be eligible for loans from the Paycheck Protection Program (PPP), and can receive funds from both the PRF and PPP, so long as the funds are not duplicative.

Fund Administration

The PRF is administered by the Health Resources and Services Administration (HRSA) within the Department of Health and Human Services (HHS). HRSA also administers a related fund that provides reimbursement for COVID-19 testing and treatment for the uninsured, with a portion of PRF funds allocated for uninsured treatment. Both the PRF and the uninsured fund are administered under contract with the UnitedHealth Group.

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IN11438

Eligibility, Terms, and Conditions

To receive PRF funds, providers must submit an application with their tax ID number and required revenue information. After receiving funds, providers must agree to the terms and conditions, namely, among others, certification that the funds will be used to prepare for or treat COVID-19 patients or for lost revenue and will not be used to duplicate another source of payment, and agreement to submit documentation. Providers also must agree that for all care provided to presumptive or positive COVID-19 cases they "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 recipient." In other words, for COVID-19-related care, PRF fund recipients agree not to surprise-bill patients with presumptive or actual COVID-19. Providers who receive PRF funds for uninsured COVID-19 care must agree to accept that reimbursement as payment in full.

Allocations

PRF funds are being distributed through general and targeted allocations.

$50 Billion General Distribution:

- $30 billion to health care providers who billed Medicare Fee-for-Service (FFS) based on that revenue in 2019.
- An additional $20 billion to some of the same Medicare FFS providers such that the *net* allocation of the $50 billion is based on providers' net patient revenue for 2018 (or the most recently completed tax year) or the sum of losses incurred for March and April 2020, whichever is less.

Targeted Allocations:

- $10 billion, High-Impact Hospitals: to hospitals with 100 or more COVID-19 inpatients, proportional to the hospital's COVID-19 case load. On June 8, 2020, HHS asked hospitals to update COVID-19 admissions data for a planned second $10 billion high-impact allocation.
- $2 billion, High-Impact Safety Net Hospitals: to high-impact hospitals based on their prior uncompensated care volume.
- $10 billion, Rural Distribution: to rural hospitals, rural health clinics, and rural community health centers, with each provider receiving a base payment (that varied by provider type) and an adjustment for the provider's operating expenses.
- $4.9 billion, Nursing Homes: to skilled nursing facilities, with a base payment to each facility and additional amounts based on patient volume.
- Uninsured (amount not specified): to reimburse facilities that provided COVID-19 care to uninsured patients.
- $500 million, Indian Health Service facilities: to facilities operated by the Indian Health Service, Indian Tribes, and Urban Indian Organizations based on type of facility, operating expenses, and patient volume.
- $10 billion, Safety Net Hospitals-Payments: awards ranging from $5 million to $500 million, to hospitals that serve a disproportionate number of Medicaid patients, have profitability of 3% or less, or provide large amounts of uncompensated care.
- $15 billion, Medicaid and CHIP Providers: HHS sought revenue data from Medicaid and State Children's Health Insurance Program (CHIP) providers that

- did not receive allocations from the general distribution to allocate up to 2% of the provider's gross patient revenue.

In total, HHS has announced PRF allocations of more than $112 billion of the $175 billion available. This does not include the amount that will be reimbursed for uninsured care. HHS has also stated that it is working to determine a methodology to allocate funds to dentists.

PRF Data

HHS has released data on PRF payments and has provided information on targeted allocation recipients by state and Congressional District. Data are updated twice weekly.

Congressional Considerations

The House-passed HEROES Act (H.R. 6800) would appropriate an additional $100 billion to the PRF. The bill also would define lost revenue more explicitly; weight PRF distributions toward Medicaid providers; take into account other funds a provider received for COVID-19 relief; and apply surprise billing restrictions to unobligated PRF funds, newly appropriated PRF funds, and any future PRF appropriations. Under current law, the restrictions are limited to COVID-19-related testing and care. The act also would require a final audit of the PRF by the HHS Inspector General (IG); currently, the (IG) is conducting an audit of 2020 PRF allocations.

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