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The COVID-19 Health Care Provider Relief Fund

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In response to the Coronavirus Disease 2019 (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. 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 Medicare Accelerated and Advance 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. In response to questions by providers, the Center for Medicare & Medicaid Services (CMS) has clarified how PRF funds are to be reported as revenue, in Medicare Cost Reports for reporting providers. In addition, the Internal Revenue Service (IRS) has clarified that PRF funds are taxable.

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 different but 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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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, certifying 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 agree 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 a presumptive or actual COVID-19 diagnosis. Providers who receive PRF funds for uninsured COVID-19 care must accept that reimbursement as payment in full.

Allocations

PRF funds are being distributed through general and targeted allocations as follows.

$50 Billion General Distribution (Phase 1):

- $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.

$18 Billion General Distribution (Phase 2):

- $18 billion to Medicaid and CHIP Providers, dentists, and certain eligible providers that missed the Phase 1 distribution. Payments were up to 2% of the provider's gross patient revenue.

$55.6 Billion Targeted Allocations:

- A total of $22 billion to high impact hospitals: The first $10 billion to hospitals with 100 or more COVID-19 inpatients, distributed in proportion to the hospital's COVID-19 case load; an additional $2 billion to high impact Safety Net Hospitals based on the relative amount of care provided to low-income or uninsured patients; and a second $10 billion to hospitals with over 160 COVID-19 inpatients or with an above average COVID-19 intensity admissions per bed.
- $11.3 billion to rural providers: $10.2 billion 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. Approximately $1.1 billion to specialty (i.e., psychiatric, rehabilitation, and long-term care) rural hospitals and certain hospitals in small metropolitan areas.
- Approximately $7.4 billion to nursing homes: Skilled nursing facilities with each facility receiving a base payment and additional amounts based on the facility's number of beds.
- Unspecified amount to reimburse facilities for COVID-19 care for uninsured patients.
- $500 million to Indian Health Service facilities: Facilities operated by the Indian Health Service, Indian Tribes, and Urban Indian Organizations receive assistance, depending on the type of facility, based on operating expenses and patient volume.

- $14.4 billion to Safety Net and Children's Hospitals: $10 billion to Safety Net and Children's hospitals. Specifically, Safety Net hospitals that serve a disproportionate number of low-income Medicare patients, provide large amounts of uncompensated care, and have profitability of 3% or less. Safety Net children's hospitals are eligible based on the number of Medicaid patients, and profitability of 3% or less. $1.4 billion to additional Children's Hospitals and $3 billion to safety net hospitals that are not eligible for the $10 billion, but can demonstrate low profitability.

In total, HHS has allocated more than $123 billion of the $175 billion available. This does not include the amounts reimbursed for uninsured care.

PRF Data

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

Author Information

Elayne J. Heisler
Specialist in Health Services

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