



AUTOMATIC FEDERAL FISCAL RELIEF

Updated: May 5, 2020 **Updates Shaded**

Contents

AUTOMATIC FEDERAL FISCAL RELIEF	1
Medicare Hospital Inpatient Prospective Payment System Add-On Payment for COVID-19 Patients During Emergency Period	2
Adjustment of Sequestration.....	2
Delay of Payment of Employer Payroll Taxes	2
State Hospital Association Grants to Hospitals.....	3
Extension of Work Geographic Index Floor under the Medicare Program	3
Delay in Medicaid Disproportionate Share Hospital Reductions.....	3
Coronavirus Relief Fund - NEW	4
GHA Contacts:	4
Sources:.....	4

This document provides an overview of the fiscal relief made **automatically available** to hospitals and health systems through the CARES Act, enacted March 27. A preliminary analysis of hospital-specific impact can be found on the GHA website in each hospital's **Member Reports** folders found [here](#). *(Please note you will need to be logged-in to the GHA website to access this information.)* This analysis indicates how existing Medicare provider payments will be affected by the CARES Act legislation for 2020 and 2021. Please be aware that several payment changes adopted in the CARES Act are not included due to lack of data and/or full detail on implementation.

A companion resource document identifying federal funding opportunities to assist hospitals needing immediate financial resources, and for which hospitals must apply, is available on GHA's dedicated [COVID-19 webpage](#).

Please note: Hospitals may apply for or receive funds from multiple sources, however, may not have multiple finance streams pay for the same expenses. GHA recommends hospitals closely track their COVID-19 expenses, and the finance stream used to pay for those expenses, using a tool like [this](#).

This document provides high-level information based on multiple sources and widely-available information. This document is meant to help providers quickly identify potential funding sources, but it is not intended to replace source documents that may contain additional details, terms and conditions.

Further, this information is subject to interpretation as well as guidance issued to date, and such guidance is subject to change.

Medicare Hospital Inpatient Prospective Payment System Add-On Payment for COVID-19 Patients During Emergency Period

Description: The weighting factor for discharges of Medicare fee-for-service patients with a COVID-19 diagnosis during the COVID-19 emergency period will increase by a factor of 20. (Established in the CARES Act, enacted 3.27.2020)

Eligible providers: Inpatient Prospective Payment System (IPPS) hospitals.

Other:

- Hospitals must identify COVID-19 discharges by using appropriate diagnosis or condition codes.
- This payment adjustment does not consider budget neutrality requirements.

Adjustment of Sequestration

Description: Medicare sequestration reduction will be suspended during the period of May 1 through December 31, 2020. (Established in the CARES Act, enacted 3.27.20)

Eligibility: All Medicare-enrolled providers currently accepting Medicare payments.

Other: The Medicare sequestration required in Section 251A (6) of the Balanced Budget and Emergency Deficit Control Act (BBEDCA) of 1985 will be extended from fiscal year 2029 to fiscal year 2030.

Delay of Payment of Employer Payroll Taxes

Description: Allows employers to defer payment of the 6.2% FICA tax, which is applied to wages below \$137,700 in 2020. (Established in the CARES Act, enacted 3.27.2020)

- The delay is available for wages paid March 27 through December 21, 2020.
- Recently released guidance from the Internal Revenue Service is available [here](#).

Eligibility: All employers, regardless of type (e.g., for-profit, nonprofit and public/governmental).

Use of Funds: There is no requirement on employers related to the use of money saved through this provision.

Repayment: 50% of the repayment amount is due by December 31, 2021. The remaining 50% is due by December 31, 2022.

Application: There is no requirement to alert the IRS or make an election or get permission.

- Please note that the employment tax system triggers numerous automatic deposit penalty notifications. GHA does not know whether these alerts have been

reprogrammed, so it is possible hospitals electing to take this option could still receive notices.

- GHA recommends: Hospitals electing to take this option should be precise about the amount of OASDI and the effective date for the amounts they may defer.

State Hospital Association Grants to Hospitals

Description: The US Department of Health and Human Services (HHS) Secretary for Preparedness Response is authorized to distribute \$50 million in grants to State Hospital Associations with the direction that they distribute the funds within 30 days to local hospitals. (Established in the CARES Act, enacted 3.27.2020)

Eligible providers: Hospitals and health care providers in each state.

Eligible expenses: Healthcare-related expenses or lost revenues not otherwise reimbursed and directly attributable to COVID-19.

Georgia Grant: GHA received award notification on April 13 for the \$1.4 million allocation for Georgia. GHA member hospitals or systems that signed a Memorandum of Understanding received their grant payments on April 30, 2020.

Provider Action Required: Participating hospitals must submit documentation indicating how they spend their grant funds. Go to <https://www.gha.org/ASPRCOVID19> for more information and to upload hospital-specific supporting documentation.

Extension of Work Geographic Index Floor under the Medicare Program

Description: The Work Geographic Index Floor will be extended through December 2020, allowing HHS to provide larger payments to physicians in areas that have labor costs lower than the national average. (Established in the CARES Act, enacted 3.27.2020)

Eligible providers: Physicians working in areas eligible for the Work Geographic Index Floor.

Delay in Medicaid Disproportionate Share Hospital Reductions

Description: Medicaid Disproportionate Share Hospital (DSH) allotment reductions will be delayed until December 1, 2020 through September 30, 2021. (Established in the CARES Act, enacted 3.27.2020)

Eligible providers: Hospitals receiving Medicaid DSH adjustments, as determined by the Georgia Department of Community Health.

Coronavirus Relief Fund - **NEW**

Description: The CARES Act will provide \$150 billion in payments to State, Local, and Tribal governments navigating the impact of the COVID-19 outbreak.

Use of Funds: The CARES Act requires that the payments from the Coronavirus Relief Fund only be used to cover expenses that—

- are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
- were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
- were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

Guidance on eligible uses of Fund disbursements by governments is available [here](#).

Payments: Amounts paid to States, the District of Columbia, U.S. Territories, and eligible units of local government are based on population as provided in the CARES Act. The CARES Act directs Treasury to use U.S. Census Bureau data for the most recent year for which data is available. Go [here](#) for more information about the allocation methodology and estimates of each state's payment.

- **Georgia Amount:** \$4.1 billion with \$3.5 billion to the state and the remaining to Cobb, DeKalb, Fulton and Gwinnett counties.
- **Georgia Use of Funds:** TBD

Timing: Governments eligible for payments must provide payment information and required supporting documentation not later than 11:59 p.m. EDT on April 17, 2020. Eligible local and Tribal governments that do not provide required information—and in the case of a local government, the required certification—by 11:59 p.m. EDT on April 17, 2020, may not receive any payment from the Fund.

GHA Contacts:

Ethan James, EVP, External Affairs
770-249-4509 | ejames@gha.org

Carie Summers, CFO and SVP, Healthcare Financing
770-249-4507 | csummers@gha.org

Sources:

CARES Act: <https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf>

IRS Notice on Employer Payroll Taxes: <https://www.irs.gov/pub/irs-drop/n-20-22.pdf>

AHA Special Bulletin on CARES Act Financial Resources for Hospitals: <https://www.aha.org/advisory/2020-03-30-special-bulletin-cares-act-financial-resources-assist-hospitals-and-health>

Coronavirus Relief Fund: <https://home.treasury.gov/policy-issues/cares/state-and-local-governments>