HHS Injects $30B CARES Act Funds into Health Care System

The agency will infuse direct payments to medical providers for COVID-19 relief.

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The Department of Health and Human Services has started to put its emergency COVID-19 funding money to work as the agency began an immediate infusion of $30 billion into the U.S. health care system Friday. So far the agency has issued over $2.5 billion in COVID-19 awards that are tracked in an interactive dashboard.
The White House enacted the Coronavirus Aid, Relief, and Economic Security Act — or CARES Act— March 27 to provide $100 billion in relief funds to hospitals and other health care providers responding to the COVID-19 crisis in America. On Friday, HHS took the first $30 billion of this fund to give immediate payments through direct deposit or paper checks to eligible health care providers in America.

“This quick dispersal of funds will provide relief to both providers in areas heavily impacted by the COVID-19 pandemic and those providers who are struggling to keep their doors open due to healthy patients delaying care and cancelled elective services,” HHS said.

Eligible providers for the initial payments, which HHS noted are not loans and will not need to be repaid, include all that received Medicare Fee-For-Service reimbursements in 2019 and the condition that “providers must agree not to seek collection of out-of-pock payments from a COVID-19 patient that are greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network provider.”

HHS will determine payment distributions based on providers’ share of total 2019 Medicare FFS reimbursements, which were about $484 billion. Providers can estimate their payments by dividing their 2019 Medicare HHS payments they received by $483 billion and multiply that ratio by the $30 billion relief fund.

The first round of payments will be sent to larger medical groups’ central billing offices. Employed physicians and physicians in group practices will receive their relief payment from their employer organization or group, and solo practitioners will see their payments under the tax identification number they use to bill Medicare.

As HHS initiates its first round of payments, the agency said it will use the remaining $70 billion to support providers in areas especially suffering by the COVID-19 outbreak, as rural providers, providers of services with lower shares of Medicare reimbursement or who predominantly serve the Medicare population, and providers requesting reimbursement for treating uninsured Americans.

While HHS sends providers across the country immediate support payments, the agency has already allocated over $2.5 billion in COVID-19 awards between Friday and when the CARES Act passed.
The HHS’s Tracking Accountability in Government Grants System reports that HHS agencies have so far issued 4,464 awards to various medical facilities and services, academic and research organizations, Indian tribes and other groups responding to COVID-19.

The Health Resources and Services Administration has awarded the most funding so far, issuing 3,841 of the total awards and totaling over $1.4 billion. The Centers for Disease Control and Prevention have awarded 152 awards, totaling $830 million, and the Administration for Community Living distributed 382 awards, totaling $250 million.

California has so far received the most awards, accounting for 567 of the 4,464 and totaling $330.1 million. Texas and New York have received the second and third most awards, with Texas receiving 216 awards totaling at $163.1 million and New York, 199 at $153.9 million.

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CARES Act
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