

The CARES Act and its Impact on the Healthcare Industry



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The Coronavirus Aid, Relieve, and Economic Security (CARES) Act was signed into law by the President on Friday, March 27, 2020. Its allocation of \$2 trillion in resources represents the largest stimulus bill in US history.

While the allocation of resources and aid packages are significant, they likely will not be enough and perhaps will be followed with additional measures. Financial losses due to canceled and postponed patient cases and increased pressure on labor are projected to be very challenging to healthcare providers.

Of particular interest to hospitals, physicians, medical providers, and the healthcare industry, the CARES Act includes more than \$100 billion in direct aid and increased reimbursement. The following are key components of the CARES Act as it relates to healthcare providers.

\$100B is allocated for eligible healthcare providers, including hospitals, health systems, providers, community health centers (CHC), and federally qualified health centers (FQHC). Providers eligible for this fund include public entities, Medicare or Medicaid enrolled suppliers and providers, for-profit and nonprofit entities in the United States that provide diagnoses, testing or care for individuals with possible or actual cases of COVID-19. Additionally, this fund also provides relief for eligible healthcare providers for lost revenues associated with COVID-19. The law authorizes the Secretary of Health and Human Services to review applications and make determinations about who will receive funds and for what purpose.

Increased Reimbursement and Waiving of Certain Restraints

- CMS increases the weighting factor for DRGs related to patients diagnosed with COVID-19 by 20%
- CMS expands the accelerated payment policy from 70% to 100% (125% for critical access hospitals). Allows hospitals to receive an advance Medicare payment due to extraordinary circumstances.
 - Increases the length of time payments can be received from three to six months
 - Delays the start of recoupment of any overpayments from 90 to 120 days
 - Extends the due date for any outstanding balances from 90 days to one year
 - Expands the types of hospitals (including critical access, children's and cancer hospitals) that are eligible to apply for accelerated payments during the COVID-19 national emergency.
- Temporarily suspends 2% Medicare sequestration for the period May 1, 2020 through December 31, 2020
- Averts price reductions to durable medical equipment by suspending revisions to the Medicare durable medical equipment payment methodology for areas other than those that are rural and noncontiguous.
- Relieves burdens and eases restrictions associated with telehealth. Previous legislation passed on March 6, 2020 lifted "originating site" rules. The CARES Act codifies the previous CMS policy, stating that a physician is not required to have a prior treatment relationship with the patient to be reimbursed for telehealth services for the duration of the emergency period. Other provisions are included to increase access to telehealth services for rural and underserved communities.

- Increased flexibility to state Medicaid plans to cover certain costs and services during the emergency period. Private payers are required to cover COVID-19 diagnostic tests and treatments.
- Providers of laboratory tests for COVID-19 are required to publish a cash price for diagnostic testing. The CARES Act imposes civil monetary penalties on diagnostic test providers that fail to post the cash price.
- Provides additional funding for the development and manufacturing of diagnostic, preventive and therapeutic services for COVID-19.

Other Areas of Regulatory Relief

- Delayed cuts in Medicaid DSH funds until December 1, 2020
- Inpatient rehabilitation facilities (IRFs) are typically required to provide Medicare patients with at least 15 hours per week of intensive therapy (or three hours per day at least five days per week) in order to be eligible for coverage. IRFs are permitted to provide fewer hours of therapy during the emergency period
- Temporarily waives the requirement that an LTCH have no more than 50% of its Medicare cases paid at the site-neutral rate to receive continued payment as an LTCH. This relief allows an LTCH to care for patients who require less intensive care during the emergency period without risking their designation as an LTCH under the Medicare program.
- Allows for payment of home health services that are certified by a nurse practitioner, a clinical nurse specialist, a certified nurse-midwife or a physician assistant. Previously, a physician was required to certify this service. This provision will go into effect six months after enactment of the Act.
- Waiving of patient liability amounts associated with COVID-19 diagnostic tests and vaccines (when available). Also permits states to extend Medicaid eligibility to uninsured populations for these same tests.
- The CARES Act expands the definition of an uninsured individual to include individuals whose plan does not have minimum essential coverage under the ACA requirements.
- Reauthorizes and provides funding for four years for three HRSA grant programs: Rural Health Care Service Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement.

Relief Packages

For more on Small Business Administration Loans (SBA Loans), the Payroll Protection Program, and Economic Injury Disaster Loans check out our COVID-19 Resource page.

[COVID-19 Resources](#)

For a full explanation of options, view our CARES Act webinar.

[CARES Act Webinar](#)