

COVID-19 Emergency Fund for Health Care Providers Comes with Restrictions

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Medicare providers recently received a \$30 billion government relief package, but it didn't come without restrictions.

The federal government has distributed the emergency relief as part of the Public Health and Social Services Emergency Fund created by the [CARES Act](#). Any health care providers - including hospitals, group practices, nursing homes and others - who received Medicare payments in 2019 were eligible for emergency relief. Payments representing approximately 6% of each provider's 2019 Medicare fee-for-service revenues were distributed, even if the provider did not request relief.

However, these funds were not sent without restrictions. In accepting the funds, Medicare providers must agree to certain terms, and must utilize the funds to offset additional costs or lost revenues attributable to the COVID-19 virus. While the Centers for Medicare and Medicaid Services (CMS) continues to issue new program guidance, it generally has relaxed its restrictions so that any reasonable expense or loss related the COVID-19 crisis is eligible for reimbursement. Examples may include the additional costs of personal protective equipment, patient screeners, staffing or training, or losses resulting from canceled appointments or procedures. Although the emergency funds were designated specifically for providers treating patients who have - or possibly have - the coronavirus, CMS recently clarified that it views every patient as "possibly" having the virus, so that the expenses necessary to remain open during the crisis may be enough to qualify for relief.

Recipients of the funds must attest within 30 days that they agree with the terms of the program. Any provider that fails to attest is deemed to have accepted the terms. Also, any recipient that receives more than \$150,000 in total from all federal relief programs (including the Paycheck Protection Program), must submit a report no later than 10 days following the calendar quarter describing how the funds were utilized. Providers must ensure that they do not allocate these funds to expenses for which they were reimbursed under another federal program. Any funds not allocated to eligible expenses must be returned.

We recommend that providers segregate these emergency funds from the funds or loan proceeds received from other federal programs. Providers should track the allocation of these funds carefully so that they can accurately report how the funds were used. While the purpose of this funding is broad in supporting the nation's health care system during the COVID-19 crisis, it soon will be necessary for providers to verify proper use of the funds, and possibly to address later in audits or other inquiries.

If you have questions concerning the use of this emergency fund or any other COVID-19 issue, please [contact me](#) or any member of the [Barley Snyder Health Care](#) or [Senior Living](#) industry groups.

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