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Health Care Alert: CARES Act Provides Health Care Industry Unprecedented Funding, Regulatory Flexibilities

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Today, March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (the Act or the CARES Act), the largest stimulus package in the nation's history. Among other things, this wide-reaching law provides significant additional support to the health care industry inundated by the COVID-19 pandemic, primarily in the forms of new funding and regulatory relief.

The Vorys health care team will be providing more detailed commentary on the Act's many changes over the coming days. For a general overview of the Act, please see our [previous alert](#). In the meantime, below is a high-level summary of certain key provisions of which health care providers should be aware.

Increased Funding Measures

The CARES Act contains a \$340 Billion supplemental appropriations package directed towards the health care industry impacted by the COVID-19 pandemic. \$117 Billion is designated for hospitals and veteran health care, \$16 Billion for the strategic national stockpile, \$4.3 Billion for the Centers for Disease Control, and \$11 Billion for vaccines, therapeutics, diagnostics, and other medical needs.

Other specific provisions of the Acts provide direct, immediate financial support to health care providers impacted by the COVID-19 pandemic, by:

- Lifting the Medicare sequester from May 1, 2020 through Dec. 31, 2020, delaying program-wide Medicare payment cuts;
- Allowing advance Medicare payments for hospitals, with repayment delayed for a period of four months;
- Authorizing, for the duration of the COVID-19 emergency period, a 20% add-on payment for items and services rendered to hospital inpatients with COVID-19; and
- Authorizing additional funding to federally qualified health centers and reauthorizing grant programs to strengthen rural community

health.

Provisions to Address Practitioner and Supply Shortages

The CARES Act seeks to address widespread shortages of practitioners, medications, and supplies, by:

- Establishing a Ready Reserve Corps of doctors and nurses to respond to COVID-19 and other public health emergencies;
- Providing liability protections for doctors who provide volunteer medical services during the public health emergency related to COVID-19;
- Strengthening the medical product supply chain and enhancing the national stockpile;
- Mitigating emergency drug shortages, by implementing expedited review and requiring mandatory manufacturer reporting of shortages; and
- Reforming the regulatory process for over-the-counter (OTC) drug monographs, allowing the Food and Drug Administration (FDA) to approve changes to OTC drugs administratively and incentivizing companies to create more innovative products by providing for 18-month market-exclusivity.

Provisions to Expand Use of Telehealth

Finally, just like the Phase I and **Phase II** of the federal relief legislation, the CARES Act continues to increase providers' flexibility in providing services via telehealth, by:

- Allowing Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) to serve as distant sites for telehealth consultations during the COVID-19 emergency period;
- Suspending, during the COVID-19 emergency period, Medicare rules preventing hospice physicians and nurse practitioners from conducting re-certifications via telehealth;
- Expanding Medicare telehealth for home dialysis patients; and
- Providing significant additional funding to federal agencies to help expand access to telehealth services.

If you have questions about the CARES Act and its impact on your organization, please contact Jolie Havens, Matt Albers, Jonathan Ishee, Liam Gruz, Nita Garg, Mairi Mull, or your regular Vorys attorney.

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Vorys COVID-19 Task Force

Vorys attorneys and professionals are counseling our clients in the myriad issues related to the coronavirus (COVID-19) outbreak. We have also established a comprehensive Coronavirus Task Force, which includes attorneys with deep experience in the niche disciplines that we have been and expect to continue receiving questions regarding coronavirus. Learn more and see the latest updates from the task force at [vorys.com/coronavirus](https://www.vorys.com/coronavirus).