

Publications

Health Care Alert: HHS Announces Targeted Allocations of Provider Relief Funding for Medicaid and CHIP Providers, Safety Net Hospitals

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Yesterday, the Department of Health and Human Services (HHS) announced two more targeted allocations of provider relief funding under the Coronavirus Aid, Relief and Economic Security (CARES) Act. HHS stated its intent to distribute approximately \$15 billion to providers who participate in Medicaid and/or the Children's Health Insurance Program (CHIP), and who have **not** yet received provider relief funding (approximately 38% of participating providers). Separately, beginning this week, HHS will distribute approximately \$10 billion to qualifying safety net hospitals.

Targeted Allocation for Medicaid and CHIP Providers

To facilitate the distribution of provider relief funds to Medicaid and CHIP providers, HHS is launching an enhanced Provider Relief Fund Payment Portal that will allow eligible providers to report their annual patient revenue. This information will be used in determining the amount of each provider's payment, which HHS states will be equal to at least 2 percent of reported gross revenue from patient care. As noted above, to be eligible for this funding, a provider must **not** have previously received funds through HHS' general distribution. Additionally, the provider must have billed its state Medicaid and/or CHIP programs – either directly or through Medicaid managed care plans – for healthcare-related services between January 1, 2018 and May 31, 2020.

Targeted Allocation for Safety Net Hospitals

To qualify for funding under the targeted allocation for safety net hospitals, a hospital must have:

- A Medicare Disproportionate Payment Percentage (DPP) of 20.2% or greater;
- Average Uncompensated Care per bed of \$25,000 or more; and
- Profitability of 3% or less, as reported to CMS in its most recently filed Cost Report.

Each qualifying hospital will receive a minimum distribution \$5 million, up to a maximum of \$50 million.

Terms and Conditions

As we discussed in our [previous client alert](#), recipients of provider relief funding are required to attest to compliance with certain Terms and Conditions. Particularly for those Medicaid and CHIP providers who have not previously received funding under the CARES Act, we recommend considering upfront what strategies your organization will use to ensure that any amounts received are appropriately documented and used.

If you have questions about these targeted allocations, provider relief funding generally, or strategies to maintain compliance, please contact Liam Gruz, 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).