

December 21, 2020

Congressional Leaders Unveil Year-end Package with COVID-19 Relief and Spending Provisions

Package, which is expected to be voted on in the House as soon as today, includes helpful changes to the Provider Relief Fund, elimination of some Medicaid DSH cuts and Medicare sequester cuts, and provisions to address surprise medical bills, among other provisions

House and Senate leaders late yesterday announced an agreement on a roughly \$900 billion COVID-19 relief package that includes a number of provisions beneficial to hospitals and health systems. They also agreed on a roughly \$1.4 trillion spending package that would fund the federal government for fiscal year 2021.

The COVID-19 relief and omnibus spending bill are combined into one package, and [legislative language](#) was released this afternoon. The House is expected to vote on the package as soon as today, and the Senate is expected to take it up soon afterward.

Based on an initial review of the legislation, the following are highlights of provisions included – and not included – in the package that affect hospitals and health systems. AHA staff continue to review the legislative language and members will receive an additional Special Bulletin with more details.

HIGHLIGHTS IMPORTANT TO HOSPITALS AND HEALTH SYSTEMS

Provider Relief Fund (PRF). The legislation includes helpful changes to the PRF reporting guidelines. Specifically, as requested by the AHA, it would allow providers to use any reasonable method to calculate lost revenue, as well as allow health systems to move targeted PRF distributions within their system. It also includes \$3 billion in new dollars for the PRF.

Medicaid DSH Cuts. The legislation eliminates the \$4 billion in Medicaid disproportionate share hospital (DSH) cuts that were scheduled to go into effect in fiscal year (FY) 2021 and further eliminates the DSH cuts in the two subsequent years. Additional cuts are added in FY 2026 and FY 2027. There also is a requirement for states to report data on how supplemental Medicaid payments are made to providers, as well as including a definition for the treatment of third party payment for DSH limits.

Medicare Sequester Cuts. The legislation eliminates the Medicare sequester cuts through the first three months of 2021. The 2% cut to all Medicare payments was supposed to resume Jan. 1, 2021.

Surprise Medical Billing. The legislation protects patients from receiving surprise medical bills resulting from gaps in coverage for emergency services and certain services provided by out-of-network clinicians at in-network facilities, including by air ambulances. These protections go into effect Jan. 1, 2022. Patients will be liable only for their in-network cost-sharing amount, and providers and insurers will have an opportunity to negotiate reimbursement. Should a dispute arise, providers and insurers may access an independent dispute resolution process to determine reimbursement. The legislation does not set a benchmark reimbursement amount.

Transparency. The legislation requires both providers and health plans to assist patients in accessing health care cost information. For certain scheduled services, health care providers must generate a “good faith estimate” and provide it to the patient directly (if uninsured) or to the patient’s health plan (if insured) to be used in creating an “advanced explanation of benefits.” The legislation does not include a provision from earlier drafts that would have established new timeframes for patient billing and required facilities to bill on behalf of independent providers.

Contracting Provisions. The legislation bans certain contractual provisions between health plans and providers that could restrict enrollee and employer access to cost and quality data. However, the legislation does not include a provision from earlier drafts that would have disallowed certain contracting terms related to tiered networks and patient steering.

Vaccines. The legislation includes about \$30 billion for the federal government to assist with the purchasing and administering COVID-19 vaccines.

COVID-19 Testing and Tracing. The legislation includes \$22 billion that will be sent directly to states for testing, tracing and COVID-19 mitigation programs.

Paycheck Protection Program (PPP). The legislation commits an additional \$284 billion for the PPP and extends the program, with changes, through March 31, 2021. The legislation expands eligibility for the program to new types of entities, allows for certain smaller borrowers (300 or fewer employees) that have sustained a minimum threshold of financial losses to apply to receive a second PPP loan, and expands the types of expenses that may be eligible for forgiveness, including costs associated with securing personal protective equipment.

Additional Graduate Medical Education (GME) Residency Slots. The legislation lifts the cap on Medicare-funded physician residency positions in teaching hospitals by 1,000, effective in FY 2023. It lifts the cap by 200 positions per year until the slots are filled.

GME Funding Opportunity. The legislation amends the Medicare GME Rural Training Tracks (RTT) program to provide greater flexibility for rural and urban hospitals that participate in RTT programs.

GME Rotator Fix. The legislation eliminates the Centers for Medicare & Medicaid Services’ penalty imposed on certain community hospitals that have hosted “rotator”

residents for brief periods, and allows those hospitals to establish new residency programs without limitations on the number of residency slots.

New Rural Emergency Hospital (REH) Designation. The legislation establishes a new REH Medicare designation that allows rural hospitals to maintain access to care by providing 24/7 emergency services along with other outpatient services, while ceasing inpatient services. REHs will receive a fixed monthly payment plus a 5% add-on to the Medicare outpatient prospective payment system rates for outpatient services.

Coronavirus Relief Fund. The legislation extends the availability of funds provided to states and localities by the Coronavirus Relief Fund through December 2021.

Child Care. The legislation provides an additional \$10 billion for child care providers through the Child Care and Developmental Block Grant (CCDGB) program with the intent of both helping the child care providers remain open, as well as providing care for dependents of essential workers.

OSHA Provisions. The legislation does not contain harmful provisions related to the Occupational Safety and Health Administration.

Further Questions

If you have questions, please contact AHA at 800-424-4301.