Relief Fund Payments Arriving in Provider Bank Accounts - With Strings Attached

Starting April 10, the Department of Health and Human Services (HHS) is distributing $30 billion in relief funding to all providers that received Medicare fee-for-service reimbursements in 2019 by Taxpayer Identification Number (TIN). These funds come from a $100 billion appropriation to the Public Health and Social Services Emergency Fund (the Relief Fund) made in the CARES Act.

Each TIN will receive approximately 6.2% of its 2019 Medicare fee-for-service payments (not including Medicare Advantage). For example, a provider that received $1 million in Medicare payments in 2019 will receive a relief payment of approximately $62,000.

A provider is entitled to a Relief Fund payment even if the provider has availed itself of other COVID-19-related relief, such as Medicare Advanced Payments and the Paycheck Protection Program.

HHS partnered with UnitedHealth Group (UHG) to make payments via Automated Clearing House account information on file with UHG or the Centers for Medicare & Medicaid Services (CMS). The automatic payments will come from Optum Bank with “HHSPAYMENT” as the payment description.

Relief Fund payments are not loans–they do not have to be repaid or forgiven. However, this money comes with strings attached. Within 30 days of receipt, a provider must sign an attestation confirming receipt of the funds and agreeing to specific terms and conditions. The portal for signing the attestation will open the week of April 13 and will be linked from the CARES Act Provider Relief Fund website.

The 10-page list of those terms and conditions are available here, and include the following:

(1) Certify that the provider currently provides diagnoses, testing, or care for individuals with possible or actual cases of COVID-19.

PYA interprets this condition to refer to the capability to provide healthcare services, since CMS made payments to providers of all specialties, as opposed to present engagement with potential COVID-19 patients. We expect clarification to be forthcoming.

(2) Certify that the provider is not currently terminated from participation in Medicare; is not currently excluded from participation in Medicare, Medicaid, and other federal healthcare programs; and does not currently have Medicare billing privileges revoked.
Agree to use the funds for healthcare-related expenses or lost revenues attributable to coronavirus.

Agree not to use the funds to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.

*PYA interprets this provision as preventing a provider from listing the same expense, or allowed portion thereof, as a covered expenditure under another COVID-19 relief program. For example, the portion of salary expenses listed under the Payroll Protection Program for purposes of loan forgiveness could not also be claimed as an expenditure of Relief Fund payments. Again, we expect clarification soon.*


*Keep in mind special provisions have been made regarding reimbursement for COVID-19 testing and treatment for uninsured individuals.*

Agree to maintain and to submit upon request appropriate records and cost documentation including, as applicable, documentation required by 45 CFR § 75.302 and 45 CFR § 75.361 through 75.365, as well as other information required by future program instructions.

Also, a provider must agree to submit any HHS-required reports needed to ensure the provider’s compliance with conditions imposed on Relief Fund payments.

Specifically, any provider receiving more than $150,000 total in funds appropriated by any law relating to coronavirus response and related activities, must submit a quarterly report to HHS and the Pandemic Response Accountability Committee (and independent oversight committee created under the CARES Act), including the following information:

- The total amount of funds received from HHS under one of the foregoing enumerated Acts; the amount of funds received that were expended or obligated for [each] project or activity; a detailed list of all projects or activities for which large covered funds were expended or obligated, including: the name and description of the project or activity, and the estimated number of jobs created or retained by the project or activity, where applicable; and detailed information on any level of subcontracts or subgrants awarded by the covered recipient or its subcontractors or subgrantees, to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 allowing aggregate reporting on awards below $50,000 or to individuals, as prescribed by the Director of the Office of Management and Budget.

*PYA anticipates HHS guidance on specific reporting and submittal requirements will be forthcoming.*

If a provider is unwilling to accept the terms and conditions, it must contact HHS within 30 days of receipt and remit full payment to HHS as instructed. HHS will provide specific contact information soon.

The first public statement regarding Relief Fund payments came April 7 during the Coronavirus Task Force daily briefing, when CMS Administrator Seema Verma announced the following:
And so this week we will be putting out another $30 billion which are grants. This is going to be based on Medicare revenue. There are no strings attached, so the healthcare providers that are receiving these dollars can essentially spend that in any way that they see fit. Also, this is going to be done in a very easy, simplified way for many of our healthcare providers. We actually do direct deposit with them and so those dollars will just go right into their bank accounts. For other providers, all it’s going to require is some very simple registration and we’ll be able to give them that money as well. So we’re expecting that to happen this week.

No additional information was made available until HHS posted the Cares Act Provider Relief Fund website on the morning of April 10.

The accounting for Relief Fund payments is very different from the accounting for Medicare Advanced Payments. For guidance on the accounting for relief payments under the CARES Act click here.

Not surprisingly, there are many unanswered questions, such as the penalties associated with non-compliance with the terms and conditions, and whether these payments are taxable. As they begin to use the Relief Fund payments to address the financial devastation caused by the COVID-19 pandemic, providers should generate and maintain detailed documentation regarding all expenditures. PYA will keep you updated as more details become available. However, do not hesitate to contact any of our professionals, or simply send an email to PYACOVID19@pyapc.com, or contact one of our PYA executives below at (800) 270-9629.

Disclaimer: To the best of our knowledge, this information was correct at the time of publication. Given the fluid situation, and with rapidly changing new guidance issued daily, be aware that some or all of this information may no longer apply. Please visit our COVID-19 hub frequently for the latest updates, as we are working diligently to put forth the most relevant helpful guidance as it becomes available.