

April 10, 2020

**ILLINOIS HEALTH AND HOSPITAL ASSOCIATION
M E M O R A N D U M**

SUBJECT: HHS Announces Immediate Distribution of Federal Relief Payments to Hospitals

The U.S. Department of Health and Human Services (HHS) [announced](#) it will begin today to deposit the first wave of payments to hospitals and other providers from the \$100 billion Public Health Social Services Emergency Fund included in the IHA-supported CARES Act. The first infusion of funds will deliver \$30 billion to assist providers with the drastically higher costs and lost revenue due to the COVID-19 pandemic.

Payments will begin to arrive today via direct deposit, and are based on Medicare fee-for-service (FFS) reimbursements in 2019. An overview of the formula, distribution and other details as announced by HHS is provided below. Please see the full HHS announcement [here](#). (Please note: HHS is requiring, as a condition to receiving relief payments, that providers agree not to seek collection of out-of-pocket payments from a COVID-19 patient that are greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network provider. Hospitals also are required to submit a report within 10 days after the end of each quarter outlining how the funds were expended.)

Formula

- Providers will be distributed a portion of the initial \$30 billion based on their share of total Medicare FFS reimbursements in 2019. Total FFS payments were approximately \$484 billion in 2019.
- A provider can estimate their payment by dividing their 2019 Medicare FFS (not including Medicare Advantage) payments they received by \$484,000,000,000, and multiply that ratio by \$30,000,000,000. Providers can obtain their 2019 Medicare FFS billings from their organization's revenue management system.
- As an example: A community hospital billed Medicare FFS \$121 million in 2019. To determine how much they would receive, use this equation:
 - $\$121,000,000 / \$484,000,000,000 \times \$30,000,000,000 = \$7,500,000$

Distribution

- HHS has partnered with UnitedHealth Group (UHG) to provide rapid payment to providers eligible for the distribution of the initial \$30 billion in funds.
- Providers will be paid via Automated Clearing House account information on file with UHG or the Centers for Medicare & Medicaid Services (CMS).
 - The automatic payments will come to providers via Optum Bank with "HHSPAYMENT" as the payment description.

- Providers who normally receive a paper check for reimbursement from CMS, will receive a paper check in the mail for this payment as well, within the next few weeks.
- Within 30 days of receiving the payment, providers must sign an attestation confirming receipt of the funds and agreeing to the terms and conditions of payment.
- HHS' payment of this initial tranche of funds is conditioned on the healthcare provider's acceptance of the [Terms and Conditions- PDF](#), which must occur within 30 days of receipt of payment.
- All relief payments are being made to providers and according to their tax identification number (TIN). For example:
 - *Large Organizations and Health Systems*: Large Organizations will receive relief payments for each of their billing TINs that bill Medicare. Each organization should look to the part of their organization that bills Medicare to identify details on Medicare payments for 2019 or to identify the accounts where they should expect relief payments.
 - *Employed Physicians*: Employed physicians should not expect to receive an individual payment directly. The employer organization will receive the relief payment as the billing organization.

Priorities for the Remaining \$70 billion

HHS says it is working to rapidly distribute targeted funds that will focus on providers in areas particularly impacted by the COVID-19 outbreak, rural providers, providers of services with lower shares of Medicare reimbursement or who predominantly serve the Medicaid population, and providers requesting reimbursement for the treatment of uninsured Americans.