

April 15, 2020

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

SUBJECT: Updated Information on COVID-19 DRG Coding and CARES Act Funding

The Coronavirus Aid, Relief and Economic Security (CARES) Act outlines several funding opportunities available to hospitals related to operations during a time of unprecedented financial uncertainty. Below, please find updates on two CARES Act provisions related to the: (1) 20% add-on payment to diagnosis-related groups (DRGs) for Medicare-enrolled COVID-19 patients, and (2) \$100 billion in funds for providers under the Public Health and Social Services Emergency Fund (PHSSEF).

Medicare Hospital Add-On Payment for COVID-19 Patients during Emergency Period

The Centers for Medicare & Medicaid Services (CMS) will increase the weighting factor for inpatient prospective payment system (IPPS) DRGs by 20% for Medicare-enrolled individuals that are diagnosed with COVID-19 and discharged during the emergency period. Claims for Medicare enrollees that were discharged between Jan 27 and March 31 must be amended using the B97.29 diagnosis code. Claims for Medicare enrollees discharged on or after April 1 should be amended using the U07.1 diagnosis code.

During an April 14 phone call with National Government Services (NGS), IHA was informed that this increase is targeted for the week of April 20. Once providers ensure that all submitted Medicare claims for COVID-19 discharges have been amended to reflect the correct diagnosis code, providers do not need to take additional action. NGS will mass adjust all claims submitted prior to April 20 over the coming months.

For more information on the Medicare add-on payment, please see IHA's automatic federal fiscal relief resource [document](#).

PHSSEF Payments

The CARES Act made \$100 billion in total funds available to hospitals, health systems and other providers from the PHSSEF. The U.S. Department of Health and Human Services (HHS) announced on April 10 that the first of three rounds of PHSSEF funding would begin with HHS infusing \$30 billion into the healthcare system via payments based on 2019 Medicare fee-for-service (FFS) reimbursement.

All facilities and providers that received Medicare FFS reimbursements in 2019 are eligible for the first distribution of payments. HHS determined that facilities and providers will be paid based on their share of total Medicare FFS reimbursement in 2019.

Several member hospitals and health systems have started receiving PHSSEF payments. While HHS released a general formula for providers to use in estimating their payment under the first tranche (Total received 2019 Medicare FFS payments divided by \$484 billion), several providers have questions about the money, or lack thereof, received thus far.

HHS is partnering with UnitedHealth Group to distribute the first tranche of funds. A Department of HHS CARES Provider Relief Hotline has been established. **Members can call 1-866-569-3522 with questions regarding payments made under the first tranche of PHSSEF funding.**

For more information on PHSSEF and the terms and conditions all providers must agree to in order to utilize payments made under the first tranche, please refer to IHA's federal funding opportunities resource [document](#) and the HHS [website](#).