

FEDERAL COVID-19 LEGISLATIVE SUMMARY

MARCH 8, 2021

On March 11, President Biden signed [the American Rescue Plan Act of 2021](#), a \$1.9 trillion COVID-19 relief package. Below is a summary of provisions important to hospitals and health systems.

Assistance for Rural Providers

- Direct financial relief. \$8.5 billion in relief funds to providers located in rural areas to pay for healthcare related expenses and lost revenue attributable to the virus.
- Emergency grants. \$500 million to the US Department of Agriculture to establish a pilot program to award grants to eligible entities, including certain rural hospitals. Grants may be used to cover COVID-19-related expenses and lost revenue to maintain capacity, including increasing capacity for vaccine distribution or telehealth capabilities.
- Paycheck Protection Program (PPP). \$7.25 billion in new PPP funding and clarification that the affiliation rules will not apply to 501(c)3 organizations that employ 500 or fewer employees *per physical location* of the organization.

Vaccines

Directs funding to establish a national COVID-19 vaccination program and improve the administration and distribution of vaccinations, including:

- Centers for Disease Control and Prevention (CDC). \$7.5 billion to the CDC to plan, prepare for, promote, distribute, monitor, and track COVID-19 vaccines, including through the expansion of staffing support, community vaccination centers and mobile vaccination units. The bill provides an additional \$1 billion to CDC to improve vaccine confidence and vaccination rates.
- Supply chain. \$6 billion to support research, development, manufacturing, production, and purchase of vaccines, therapeutics, and ancillary medical products.

Testing, Tracing and Mitigation

\$48 billion for testing, diagnosing, contact tracing, and mitigation activities, as well as the manufacturing, procurement, distribution, and administration of tests (including personal protective equipment and supplies necessary for administration of tests). Activities include the implementation of a national strategy for testing and contact tracing, guidance, grants to state and local health departments and enhancement of information technology and data modernization.

Coverage

The bill includes several provisions to expand access to and lower the cost of health coverage for individuals and families.

- ACA Marketplace subsidies. Provides subsidies for two years for individuals with income above 400% of federal poverty level (FPL); caps premiums at no more than 8.5% of income for a silver plan; and provides that individuals making between 100% and 150% of FPL pay no premiums. Additionally, the bill allows any individuals receiving unemployment during 2021 to be treated as if their income were 133% of FPL for the purposes of ACA marketplace subsidies, thereby allowing access to an ACA silver plan with no premium.
- Postpartum Medicaid coverage. Allows states the option to extend Medicaid and Children's Health Insurance Program (CHIP) coverage to postpartum women from the current 60 days to a full 12-month period.
- COBRA. Provides COBRA Subsidies of 100% of an individual's premium through September 30 for those who lose their job. Additionally, the bill provides a payroll tax credit to group health plans or employers for the full amount of COBRA premium not paid by individuals.
- Medicaid/CHIP vaccine coverage. Requires Medicaid and CHIP coverage for COVID-19 vaccines, as well as drugs, biologics, or services used to treat or prevent COVID-19. These services are matched at a 100% Federal Medical Assistance Percentage (FMAP) and require no cost sharing for at least one year after the end of the PHE. Additionally, states have the option to provide these services to the uninsured with no cost sharing at 100% FMAP.
- Medicaid Disproportionate Share Hospital (DSH) technical correction. Provides a temporary increase in Medicaid DSH financing by providing a technical correction to address an unintended consequence of the temporary increase in the FMAP for state DSH contributions. The bill requires recalculation of the annual DSH allotments for any year the temporary COVID-19-related FMAP increase applies to ensure that the total DSH payments a state would make (including federal and state shares) is equal to the DSH payment amount the state would have made in the absence of the temporary FMAP increase. This DSH allotment recalculation is retroactive to coincide with the temporary FMAP increase enacted in 2020, and expires at the end of the fiscal year in which the PHE ends.

Public Health Workforce

- \$7.6 billion for establishing, expanding and sustaining the public health workforce, including through awards to state and local health departments. Positions supported include community health workers, contact tracers, epidemiologists, among others.

- \$800 million for the National Health Service Corps; \$330 million for Teaching Health Centers; \$200 million to support the Nurse Corps Loan Repayment Program; and \$100 million for the Medical Reserve Corps.

State and Local Funding

\$350 billion for state and local governments to help mitigate the fiscal effects from the pandemic. Of these funds, it is expected that the State of Illinois will receive \$7.5 billion, and additional funds will be directed to localities. Funds will be dispersed in two tranches. In the first tranche, 50% of the funds will be distributed, to be followed by a second tranche when at least 80% of the first tranche has been spent, or 60 days prior to the beginning of fiscal year 2023. Funds may not be used to directly or indirectly offset a reduction in tax revenue or to delay a tax increase, and may not be used to contribute to pension funds.

Behavioral and Mental Health Services

Among other provisions, the bill allocates funding for the Substance Abuse and Mental Health Services Agency (SAMHSA) to support the Substance Abuse Prevention and Treatment and the Community Mental Health block grant programs. Funding is also provided for the Pediatric Mental Health Care Access program and Certified Community Behavioral Health Clinic Expansion Grant program. Additional funds are provided for programs that support mental and behavioral health and prevent burnout among health care providers and public safety officers. The bill also allows states the option to cover mobile crisis intervention services through the Medicaid program at enhanced FMAP.

Other Provisions

- Skilled Nursing Facilities (SNFs). \$200 million to the Department of Health and Human Services (HHS) to support infection control activities at SNFs through contracts with quality improvement organizations, and \$250 million to HHS to allocate to states to support strike teams to respond to outbreaks.
- Nursing Home safety. \$250 million to HHS to allocate to states to establish and implement strike teams to provide assistance with clinical care, infection control or staffing in facilities that include diagnosed or suspected cases.
- Occupational Safety and Health Administration (OSHA). \$200 million to the Department of Labor to implement COVID-19 worker protection activities, including at least \$100 million for OSHA. Of the funding allocated to OSHA, at least \$5 million must be used for enforcement activities at high-risk workplaces, including healthcare settings.
- Childcare. The bill includes several provisions to support access to childcare, including \$15 billion for the Child Care and Development Block Grant, which may be used to assist front-line workers (including those working in healthcare), regardless of income.

- Federal Emergency Management Agency. \$50 billion through Sept. 30, 2025 for the Disaster Relief Fund.

For questions, please [contact IHA](#).