

(UPDATED July 21, 2020)

AUTOMATIC FEDERAL FISCAL RELIEF

This document provides an overview of the fiscal relief made automatically available to hospitals and health systems through the CARES Act, enacted March 27. A companion resource document identifying federal funding opportunities to assist hospitals needing immediate financial resources, and for which hospitals must *apply*, is available [here](#). Please see SDAHO's dedicated COVID-19 [webpage](#) for the latest information.

Please note: Hospitals may apply for or receive funds from multiple sources, however, may not have multiple finance streams to pay for the same expenses. SDAHO recommends hospitals closely track their COVID-19 expenses, and the finance stream used to pay for those expenses.

Medicare Hospital Inpatient Prospective Payment System Add-On Payment for COVID-19 Patients during Emergency Period (April 13, 2020)

- **Description:** The weighting factor for discharges of Medicare fee-for-service patients with a COVID-19 diagnosis during the COVID-19 emergency period will increase by a factor of 20. (Established in the CARES Act)
- **Eligibility:** Inpatient Prospective Payment System (IPPS) hospitals.
- **Other:**
 - Hospitals must identify COVID-19 discharges by using appropriate diagnosis or condition codes.
 - This payment adjustment does not consider budget neutrality requirements.

Adjustment of Sequestration (April 13, 2020)

- **Description:** Medicare sequestration reduction will be suspended during the period of May 1 through December 31, 2020. (Established in the CARES Act)
- **Eligibility:** All Medicare-enrolled providers currently accepting Medicare payments.
- **Other:** The Medicare sequestration required in Section 251A(6) of the Balanced Budget and Emergency Deficit Control Act (BBEDCA) of 1985 will be extended from fiscal year 2029 to fiscal year 2030.

Delay of Payment of Employer Payroll Taxes (April 13, 2020)

- **Description:** Allows employers to defer payment of the 6.2% FICA tax, which is applied to wages below \$137,700 in 2020. (Established in the CARES Act)
 - The delay is available for wages paid March 27 through December 21, 2020.
 - Recently released guidance from the Internal Revenue Service is available [here](#).
- **Eligibility:** All employers, regardless of type (e.g., for-profit, nonprofit and public/governmental). (Note: Organizations that have received and had a loan forgiven under the Paycheck Protection Program are ineligible.)
- **Use of Funds:** There is no requirement on employers related to the use of money saved through this provision.
- **Repayment:** 50% of the repayment amount is due by December 31, 2021. The remaining 50% is due by December 31, 2022.
- **Application:** There is no requirement to alert the IRS or make an election or get permission.
 - Please note that the employment tax system triggers numerous automatic deposit penalty notifications. SDAHO does not know whether these alerts have been reprogrammed, so it is possible hospitals electing to take this option could still receive notices.
 - SDAHO recommends hospitals electing to take this option should be precise about the amount of OASDI and the effective date for the amounts they may defer.

State Hospital Association Grants to Hospitals (July, 2020)

- **Description:** The US Department of Health and Human Services (HHS) Secretary for Preparedness Response is authorized to distribute \$50 million in grants to State Hospital Associations with the direction that they distribute the funds within 30 days to local hospitals. (Established in the Coronavirus Preparedness and Response Supplemental Appropriations Act)
- **Eligibility:**
 - Eligible providers include hospitals in each state.
 - Eligible expenses healthcare-related expenses or lost revenues not otherwise reimbursed and directly attributable to COVID-19.
- **Application:** SDAHO submitted an application for South Dakota's allocation. Hospitals need not to apply.
- **Payment:** Phase 1 of the funds were distributed in late April, based on hospitals with an emergency room and bed size. Phase 2 distribution is planned to be distributed in early to mid-June.
- **Amount:** Phase 1 award amount to SDAHO was \$560,000. Phase 2 award amount is \$1.3M.

Extension of Work Geographic Index Floor under the Medicare Program (April 13, 2020)

- **Description:** The Work Geographic Index Floor will be extended through December 2020, allowing HHS to provide larger payments to physicians in areas that have labor costs lower than the national average. (Established in the CARES Act)
- **Eligible providers:** Physicians working in areas eligible for the Work Geographic Index Floor.

Delay in Medicaid Disproportionate Share Hospital Reductions (April 13, 2020)

- **Description:** Medicaid Disproportionate Share Hospital (DSH) allotment reductions will be delayed until December 1, 2020 through September 30, 2021. (Established in the CARES Act)
- **Eligible providers:** Hospitals receiving Medicaid DSH adjustments, as determined by the Illinois Department of Healthcare and Family Services.

Small Rural Hospital Improvement Program (SHIP) (April 30, 2020)

- **Description:** Health Resources and Services Administration's (HRSA) Federal Office of Rural Health Policy received \$180 million in CARES Act support for COVID-19 related activities. The funds support rural hospitals which are seeing increased demands for clinical services and equipment, as well as experiencing short-term financial and workforce challenges related to responding to meeting the needs of patients with the COVID-19 seeking care at their facilities. For further information on the SHIP grant please click [here](#).
- **Eligible providers:** Hospitals receiving funding to be awarded to states through the SHIP grant mechanism and will be in the amount of \$84,317 per hospital.

South Dakota Department of Health Grant (April 30, 2020)

- **Description:** South Dakota nursing homes received \$570,000 in total for COVID-19 relief. The grant period runs March 15, 2020-September 30, 2020. Funds are to be used for Planning/Preparedness:
 - A. Staffing costs specially tied to COVID-19 planning and response.
 - B. Supply and equipment costs specifically tied to COVID-19 response.
 - C. Personal Protective Equipment (PPE) tied to COVID-19 response.
 - D. Training Specifically tied to Infection Control and COVID-19.
- **Payment:** Funding was distributed to nursing homes by bed size.

South Dakota Receives \$1.25 Billion from CARES Act (April 30, 2020)

- **Description:** The Coronavirus Aid, Relief, and Economic Security Act (CARES) provides an estimated \$2 trillion stimulus package to battle the harmful effects of the COVID-19 pandemic. This package creates a \$150 billion Coronavirus Relief Fund for state, local and tribal governments to note South Dakota [received](#) \$1.25 billion.
- **Eligible providers:** SD State Agencies are evaluating these funds and the conditions associated with them.

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Sources:

<https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf>

https://www.aha.org/advisory/2020-03-30-special-bulletin-cares-act-financial-resources-assist-hospitals-and-health?utm_source=newsletter&utm_medium=email&utm_content=03302020%2Dsb%2DP3%2Dplus&utm_campaign=aha%2Dspecial%2Dbulletin

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