



AFSCME Facts

Provider Relief Fund and Relief for Medicare Providers January 13, 2021

The new lame duck legislative deal in Congress, known as the Consolidated Appropriations Act (CAA), 2021, made changes to the health care provider relief funding enacted last year and provided additional relief to Medicare providers. This fact sheet provides background on this health care provider relief and describes the changes made by the CAA.

What is the Provider Relief Fund?

The Provider Relief Fund (PRF) was initially established in the Coronavirus Aid, Relief and Economic Security (CARES) Act, and the Paycheck Protection Program and Health Care Enhancement Act (PPPHE) to support qualified healthcare providers in the battle against COVID-19. The U.S. Department of Health and Human Services (HHS) developed the PRF and distributed funds through multiple rounds of payments. Distributions from the PRF do not need to be repaid if providers comply with certain terms and conditions.

How much funding is available in the PRF?

Congress initially allocated \$175 billion for the PRF in the CARES Act. An additional \$3 billion was included in the CAA. While the vast majority of the \$178 billion in total funds is believed to have been distributed to health care providers already, the federal government has not disclosed how much money is still available to support providers.

How can PRF payments be used?

PRF payments can be used by healthcare providers to cover healthcare-related expenses and lost revenue attributable to the coronavirus.

Examples of covered healthcare-related expenses include those for supplies, equipment, information technology, facilities and employees.

Examples of lost revenue attributable to the coronavirus include fewer outpatient visits, canceled elective procedures or services and increased uncompensated care.

How did the CAA change how providers can allocate money amongst their subsidiaries or affiliates?

The CAA now allows parent organizations to allocate Targeted Distribution payments among eligible subsidiary providers within their organizational structure. Previously, parent organizations were only allowed to allocate General Distribution payments to eligible subsidiary providers within their organizational structure. This change allows health systems with many subsidiary entities to allocate PRF payments throughout their organization as needed to respond to COVID-19.

Who is eligible for PRF payments?

Qualified providers of healthcare services and support in medical settings, nursing homes, and community settings are eligible for PRF payments. There are two types of payments – General Distribution and Targeted Distribution.

Who is eligible for General Distribution PRF payments?

Healthcare providers who billed Medicare fee-for-service in 2019, are known Medicaid, CHIP or dental providers and provide, or provided after January 31, 2020, diagnoses, testing or care for COVID-19 cases, are eligible for General Distribution payments.

Who is eligible for Targeted Distribution PRF payments?

Healthcare providers in areas impacted by the COVID-19 outbreak, rural providers and providers requesting reimbursement for the cost of treating uninsured individuals are eligible for Targeted Distribution payments.

Did the CAA make any changes to the payment distribution process?

Yes. HHS initially issued General Distribution payments in three phases. These earlier phases distributed payments to eligible providers based on their finances during the first half of 2020. The CAA directs HHS to have an additional phase of General Distribution payments to eligible providers and to consider financial losses and changes in operating expenses occurring in the third or fourth quarter of 2020 or the first quarter of 2021 that are attributable to the coronavirus. Further, this additional phase of General Distribution payments is also to be funded by 85% of unobligated CARES Act money and any funds recovered from healthcare providers.

Where can I find a list of providers who received PRF payments?

The U.S. Department of Health and Human Services (HHS) collects and shares data of providers who received PRF payments. The list of providers who received payments can be viewed [here](#).

Is there additional relief for providers paid by Medicare?

Yes, the CAA offers additional relief for Medicare providers.

First, an automatic 2% Medicare payment cut to all providers that had been scheduled to go into effect on January 1, 2021 is suspended through March 31, 2021 for an additional three months. As a result, providers will see a 2% payment increase on Medicare claims through March 31, 2021.

Second, the Medicare Physician Fee Schedule (MPFS) — the rates at which traditional Medicare reimburses doctors — was increased by 3.75% for all of 2021. This is a one-year increase meant to mitigate a scheduled decline in payments to specialists, such as anesthesiologists. The decline in those payments is a result of changes in how Medicare is paying doctors, placing more value on what primary care physicians do and chronic care management and less on other services.