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RE: CARES Act Provider Relief Fund

Dear Clients and Friends,

President Trump is providing support to healthcare providers fighting the COVID-19 pandemic. On March 27, 2020, the President signed the bipartisan CARES Act that provides \$100 billion in relief funds to hospitals and other healthcare providers on the front lines of the coronavirus response. This funding will be used to support healthcare-related expenses or lost revenue attributable to COVID-19 and to ensure uninsured Americans can get testing and treatment for COVID-19.

Immediate infusion of \$30 billion into healthcare system

Recognizing the importance of delivering funds in a fast and transparent manner, \$30 billion is being distributed immediately – with payments arriving via direct deposit beginning April 10, 2020 – to eligible providers throughout the American healthcare system. These are payments, not loans, to healthcare providers, and will not need to be repaid.

Who is eligible for initial \$30 billion

- All facilities and providers that received Medicare fee-for-service (FFS) reimbursements in 2019 are eligible for this initial rapid distribution.
- Payments to practices that are part of larger medical groups will be sent to the group's central billing office.
- All relief payments are made to the billing organization according to its Taxpayer Identification Number (TIN).
- As a condition to receiving these funds, providers must 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.
- If you ceased operation as a result of the COVID-19 pandemic, you are still eligible to receive funds so long as you provided diagnoses, testing, or care for individuals with possible or actual cases of COVID-19. Care does not have to be specific to treating COVID-19. The Department of Health and Human Services (HHS) broadly views every patient as a possible case of COVID-19.

How are payment distributions determined

- 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:
 - $\$121,000,000 / \$484,000,000,000 \times \$30,000,000,000 = \$7,500,000$

What to do if you are an eligible provider

- 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. The portal for signing the attestation will be open the week of April 13, 2020, and will be linked on this page.
- HHS' payment of this initial tranche of funds is conditioned on the healthcare provider's acceptance of the [Terms and Conditions - PDF](#), which acceptance must occur within 30 days of receipt of payment. Not returning the payment within 30 days of receipt will be viewed as acceptance of the Terms and Conditions. If a provider receives payment and does not wish to comply with these Terms and Conditions, the provider must do the following: contact HHS within 30 days of receipt of payment and then remit the full payment to HHS as instructed. Appropriate contact information will be provided soon.

How this applies to different types of providers

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.

- *Physicians in a Group Practice:* Individual physicians and providers in a group practice are unlikely to receive individual payments directly, as the group practice will receive the relief fund payment as the billing organization. Providers 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.
- *Solo Practitioners:* Solo practitioners who bill Medicare will receive a payment under the TTN used to bill Medicare.

Is this different than the Centers for Medicare & Medicaid Services (CMS) Accelerated and Advance Payment Program?

Yes. The CMS Accelerated and Advance Payment Program has delivered billions of dollars to healthcare providers to help ensure providers and suppliers have the resources needed to combat the pandemic. The CMS accelerated and advance payments are a loan that providers must pay back.

The streamlined process implemented by CMS for COVID-19 has reduced processing times for a request of an accelerated or advance payment to between four to six days, down from the previous timeframe of three to four weeks.

The payments are available to Part A providers, including hospitals, and Part B suppliers, including doctors, non-physician practitioners and durable medical equipment (DME) suppliers. While most of these providers and suppliers can receive three months of their Medicare reimbursements, certain providers can receive up to six months.

The CMS Accelerated and Advance Payment Program is funded from the Hospital Insurance (Part A) and Supplementary Medical Insurance (Part B) trust funds, which are the same fund used to pay out Medicare claims each day. The advance and accelerated payments are a loan that providers must pay back. CMS will begin to apply claims payments to offset the accelerated/advance payments 120 days after disbursement. The majority of hospitals including inpatient acute care hospitals, children's hospitals, certain cancer hospitals, and critical access hospitals will have up to one year from the date the accelerated payment was made to repay the balance. All other Part A providers and Part B suppliers will have up to 210 days to complete repayment of accelerated and advance payments, respectively.

It is important to note, this funding is separate from the \$100 billion provided in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act appropriation is a payment that does not need to be repaid.

Priorities for the remaining \$70 billion

The Administration is working rapidly on targeted distributions 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.

Our team is available to discuss these options with you and be of assistance. Do not hesitate to schedule a call so we can discuss these programs further. Please note that these are still very new programs and we will be issuing additional resources and guidelines as they become available.

Sincerely,

DUFFY KRUSPODIN, LLP