CARES Act:
Provisions to Help Rural Hospitals

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law on March 27, provides resources and flexibility for rural hospitals.

AHA Take: The legislation will help rural hospitals that are in dire financial need due to this devastating pandemic. While this is an important first step forward, more will need to be done for rural providers to deal with the unprecedented challenge of this virus. We will continue to work with Congress to make sure providers on the front lines – hospitals, physicians and nurses – remain prioritized for future federal assistance as the COVID-19 pandemic spreads. The following describes some key provisions of the law that will have important impact for rural providers.

New Access to Capital

- **$100 Billion in New Funding for Health Care Providers.** New funds in the Public Health and Social Services Emergency fund will be used to reimburse health care providers for health-care related expenses or lost revenues not otherwise reimbursed that are directly attributable to COVID-19. These funds, which will be made available on a rolling basis, can assist rural hospitals in their COVID-related patient care costs and preparations for patient surge, including lost revenues from halting elective services.
- **Small Business Loans via the "Paycheck Protection Program."** New loan opportunities will be available for organizations – including both for-profit and non-profit hospitals – with fewer than 500 total (both full time and part time) employees. These loans may be up to $10 million and may be forgivable. The nearly $350 billion program can offer crucial financial support to small rural hospitals to pay salaries, leave and health benefits, rent, and/or retirement obligations, among other uses.

Medicare Payment Improvements and Flexibilities

- **Temporary Elimination of Medicare Sequestration.** The Medicare sequester will be eliminated from May 1 through Dec. 31, 2020. This affects all Medicare providers, but will be especially impactful for critical access hospitals (CAHs), who had been receiving 99% -- rather than 101% -- of allowable costs during sequestration.
- **Expanded Option for Accelerated Payments.** Eligibility for Medicare accelerated payments will be expanded to CAHs, children's and cancer hospitals. These providers, along with acute care hospitals, may request accelerated payments that cover a time period of up to six months. The amount of payment is up to 125% for CAHs (up to 100% for other providers) of what the hospital would have otherwise received, and payment could be made periodically or as a lump sum. The bill stipulates that hospitals will have up to 120 days until their claims are offset to recoup the funds, and at least 12 months before being required to pay any outstanding balance in full. This option can provide indispensable, upfront payment to rural hospitals and others that are in dire need of cash flow. Additional expansions were announced by CMS on March 28. See the *AHA Advisory* and *CMS fact sheet* for more information.
- **Inpatient Prospective Payment System (PPS) Add-on Payment.** During the emergency period, the legislation provides a 20% add-on to the Diagnosis Related Group rate for patients with COVID-19. This add-on will apply to patients treated at rural and urban inpatient PPS hospitals to address the high costs associated with COVID-19 patient care.

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Medicaid Disproportionate Share Hospital (DSH) Payments

- **Medicaid DSH Cut Reduction and Delay.** The legislation eliminates the $4 billion in Medicaid DSH cuts in FY 2020 and reduces the cut for FY 2021 to $4 billion from $8 billion. Implementation of the FY 2021 cuts are delayed until Dec. 1, 2020. Moreover, the legislation does not add any new cuts after the current end-date of FY 2025. Reduction and delay of Medicaid DSH cuts are crucial for rural hospitals that provide care for low-income patients in their communities and depend on Medicaid reimbursement.

Telehealth Access and Flexibilities

Overall, the law's telehealth provisions assist rural providers in caring for patients without the need for those patients to travel – sometimes very long distances – for health care services.

- **Additional Funding for Telehealth.** The legislation provides $200 million to the Federal Communications Commission to enable provision of telehealth services.

- **Improved Medicare Beneficiary Access to Telehealth.** The legislation waives the requirement that a provider or others in their group must have treated the patient in the past three years to provide them with a telehealth service during the ongoing public health emergency.

- **Rural Health Clinics (RHCs) and Federally Qualified Health Centers (FQHCs) as Distant Sites.** The legislation allows RHCs and FQHCs to serve as distant sites to provide telehealth services to patients in their homes and other eligible locations during a Section 1135 emergency. RHCs and FQHCs will be reimbursed at a rate that is similar to payment for comparable telehealth services under the physician fee schedule.

- **Telehealth for Hospice Recertification.** Hospice recertifications will be able to be completed via telehealth, rather than a face-to-face visit, during the emergency period. Nurse practitioners, in addition to physicians, will be able to complete the recertification.

- **Telehealth for Home Dialysis.** This legislation reduces requirements during the COVID-19 emergency that pertain to face-to-face evaluations for home dialysis patients.

Additional Health Care Access Assistance

These provisions will assist rural providers in enhancing access to care in their communities.

- **Health Resources and Services Administration (HRSA) Grant Programs for Rural Entities.** The legislation extends HRSA grant programs for rural health care services outreach, rural health network development and provider quality improvement to strengthen rural community health. For-profit rural entities are eligible for certain grants.

- **National Health Service Corps (NHSC).** The legislation extends NHSC funding and allows the HHS Secretary to reassign NHSC practitioners to sites close to their originally assigned site, in order to respond to the COVID-19 crisis.

- **Health Professionals to Order Home Health Services.** Physician assistants, nurse practitioners and certified nurse specialists will be able to certify home health services and fulfill related document requirements.

- **Additional Health Center Funding Extensions.** The legislation also provides $1.32 billion in supplemental funding for community health centers – many of which serve rural communities – and extends mandatory spending for certain health center programs.