

March 6, 2021

## Senate Approves \$1.9 Trillion COVID-19 Relief Reconciliation Bill with Provisions Affecting Hospitals and Health Systems

*Senate made changes to House bill so House will need to vote on new version*

The Senate today voted 50-49 to approve a [modified version](#) of the [American Rescue Plan Act of 2021](#), a \$1.9 trillion COVID-19 relief package, which includes a number of provisions that affect hospitals and health systems.

The Senate-passed bill is similar to legislation approved by the House of Representatives on Feb. 27; however, the Senate did make a number of changes. The House next week is expected to pass the Senate version without further changes, and it then would go to President Biden for his signature.

Changes in the Senate bill include additional new funding for rural hospitals and health care providers for COVID-19 relief; increased federal subsidies for COBRA coverage; and changes to the Medicare wage index.

The Senate bill also includes provisions to bolster the nation's COVID-19 health care response with additional resources for vaccines, treatment, personal protective equipment (PPE), testing, contact tracing and workforce development. Other health care-related provisions would provide funding to the Department of Labor for worker protection activities.

In addition, non-health care specific provisions would provide financial support for families and small businesses, as well as extend and expand support for housing, child care, food and the education system.

**AHA Take:** In a statement, AHA President and CEO Rick Pollack said, "Today's legislation includes many provisions to help hospitals and health systems provide care to their patients and communities."

While the bill will help provide much-needed relief for rural hospitals, the association also is disappointed that it does not deliver more overall funding for the Provider Relief Fund. AHA also is concerned that the bill does not include an extension of relief from Medicare sequester cuts and fails to provide loan forgiveness for Medicare accelerated payments for hospitals.

“As the legislation moves back to the House, where passage is likely early next week, we look forward to continuing to work with Congress and the Administration on ensuring hospitals and health systems have the support, resources and tools they need to continue to provide essential services to their patients and communities during the pandemic and beyond,” Pollack said. [Read AHA’s full statement that was shared with the media this afternoon.](#)

A summary of provisions important to hospitals and health systems follows.

## **SUMMARY OF PROVISIONS IMPORTANT TO HOSPITALS AND HEALTH SYSTEMS**

**Additional Financial Relief for Rural Providers.** The bill would provide \$8.5 billion to reimburse rural health care providers for health care-related expenses and lost revenues attributable to COVID–19. Its definition of rural provider is broad and includes those that:

- are located outside a metropolitan statistical area (MSA); or
- are located in a rural census tract of an MSA; or
- are located in an area designated by the state as rural; or
- are a sole community hospital or rural referral center; or
- are located in area that serves rural patients, such as a small MSA; or
- are a rural health clinic; or
- provide home health, hospice, or long-term services and supports in patients' homes that are located in rural areas; or
- otherwise qualify as a rural provider, as defined by the Secretary.

**Vaccines and Testing.** The bill includes a number of provisions to improve the nation’s vaccine and testing capacity. It would allocate \$10 billion for the purposes of carrying out activities under the Defense Production Act. Specifically, the funding would be used for the manufacturing and procurement of medical supplies and equipment related to combatting the COVID-19 pandemic, including diagnostic products, PPE, drugs, medical devices and biological products.

It also would allocate more than \$70 billion for COVID-19 vaccine, testing and workforce efforts. Specifically, more than \$15 billion is geared toward enhancing, expanding and improving the nationwide distribution and administration of vaccines by supporting efforts such as increasing access, especially in underserved communities, increasing vaccine confidence and funding the research, development, manufacturing and procurement of vaccines, therapeutics and other ancillary supplies. The bill further assigns \$6 billion for the research, development, manufacturing, production and purchasing of vaccines, therapeutics and other ancillary products, as well as \$1 billion for efforts to boost vaccine confidence.

With respect to testing, the bill would allocate \$47.8 billion to continue implementation of an evidence-based national testing strategy with a focus on components such as detection, diagnosis, tracing and monitoring. Further, \$1.75 billion would be directed to support genomic sequencing and surveillance initiatives.

**Health Care Coverage.** The bill would make changes to a number of health care coverage programs to expand eligibility and increase federal financial support for coverage.

- **Medicaid.** The bill would make several changes to Medicaid financing and eligibility rules in order to increase access to coverage.
  - *Postpartum Coverage.* The bill would give states, for five years, the option to extend Medicaid and Children’s Health Insurance Program (CHIP) eligibility to pregnant individuals for 12 months postpartum. States choosing this option must provide the full Medicaid benefit for pregnant and postpartum individuals during the 12-month postpartum period.
  - *Expansion Incentive.* The bill would provide an incentive for states that have not already done so to expand Medicaid by temporarily increasing the state’s Federal Medical Assistance Percentage (FMAP) for their base program by 5 percentage points for two years. The FMAP increase would be available at any point after enactment and would begin in the first calendar quarter when a new expansion state incurs spending for people in the Medicaid adult expansion groups. If a state expands during the PHE, that state will receive both the COVID-related 6.2 percentage point FMAP and the new 5-percentage-point increase. The increased match does not apply to the already-enhanced matching rate for expansion populations, to federal matching rates for Medicaid Disproportionate Share Hospital (DSH) payments or CHIP. States choosing to expand would be required to maintain coverage levels to access the FMAP increase, including the newly established requirement to cover COVID-19 vaccine and treatment.
- **Temporary Expansion of Health Insurance Marketplace Subsidies.** The bill would further reduce the cost of Marketplace coverage for all subsidy-eligible individuals and families by increasing the dollar value of the premium tax credit subsidies. For example, individuals making between 100% and 150% of the federal poverty level (FPL) would not pay anything in Marketplace premiums. In addition, the bill would expand eligibility for the tax credit subsidies to more individuals. Specifically, the legislation would make eligible more households above 400% FPL, the current maximum eligibility threshold. These changes would be temporary and in effect for tax years 2021 and 2022.

In a separate section, the legislation would newly make eligible for marketplace coverage individuals who receive unemployment compensation during 2021.

- **Employer-sponsored Coverage through COBRA.** The bill would provide federal subsidies valued at 100% of the health insurance premium for eligible individuals and families to remain on their employer-based coverage. This provision would remain in effect until Sept. 30, 2021.

**Maintaining Medicaid DSH During PHE.** The bill would address an unintended consequence of the temporary increase in the FMAP and state DSH spending. The

enacted temporary COVID-19-related FMAP increase did not make a corresponding adjustment to Medicaid DSH allotments to reflect the increased federal share. As a result, fewer state funds were needed to draw down the entire federal allotment. To address this, the bill would require that the Centers for Medicare & Medicaid Services recalculate 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 that was initiated last year and would end at the beginning of the fiscal year after the public health emergency (PHE) has ended.

**Coverage of Vaccines for Medicaid and CHIP Beneficiaries.** The bill would require Medicaid and CHIP coverage of COVID-19 vaccines and treatment without beneficiary cost sharing. Vaccines and vaccine administration costs would be matched at a 100% FMAP until one year after the end of the PHE. States also would have the option to provide coverage to the uninsured for COVID-19 vaccines and treatment without cost sharing at 100% FMAP.

**Other FMAP, Coverage or Funding Improvements.** The bill, similar to the House-passed version, would provide temporary one-year FMAP increase to improve home- and community-based-services as well as FMAP increases for services provided through the Urban Indian Organizations and Native Hawaiian Health Care Systems. The bill also would provide funding to states for the creation of nursing home strike teams to assist in managing COVID-19 outbreaks when they occur.

**Mental Health and Substance Use Disorders.** The bill would allocate \$3.5 billion for block grants addressing mental health and substance use disorders. Several million more would be allocated for grants addressing behavioral health disorders in the health care workforce, community-driven overdose prevention and harm reduction and other behavioral health needs, and \$100 million for behavioral health workforce education and training. In addition, the bill would create a new optional Medicaid covered service. For the five years following enactment, states can cover mobile crisis intervention services for individuals experiencing a mental health or substance use disorder crisis. The bill would provide \$15 million for planning grant funds for states to develop a mobile crisis service program, and provide enhanced FMAP for states that implement such a program. The bill also would direct \$80 million to pediatric mental health services.

**Elimination of Medicaid Drug Rebate Cap and Inclusion of COVID-19-Related Drugs in Medicaid Rebate.** The bill would eliminate the Medicaid drug rebate cap (under current law, set at 100% of the average manufacturer price), with an effective date of Jan. 1, 2024. The bill also would allow outpatient drugs used for COVID-19 prevention or treatment to be included in the Medicaid Drug Rebate Program.

**Public Health Workforce.** The bill would provide the Department of Health and Human Services (HHS) with nearly \$9.1 billion in public health workforce-related support. This includes \$7.66 billion for establishing, expanding and sustaining the public health workforce, including by making awards to state, local and territorial public health

departments. Public health departments may use awarded funds to hire staff and procure needed equipment (including PPE), technology, and other supplies to support public health efforts. The bill also would include \$100 million for the Medical Reserve Corps; \$800 million for the National Health Service Corps; \$200 million for the Nurse Corps; and \$330 million for teaching health centers that operate graduate medical education. Public health workforce also is one of the permitted uses of funds in several other sections (for example, the section on COVID-19 testing, contact tracing and mitigation).

**Skilled Nursing Facilities (SNFs).** The bill would provide \$450 million to support SNFs in protecting against COVID-19; \$200 million for the development and dissemination of COVID-19 prevention protocols in conjunction with quality improvement organizations; and \$250 million to states and territories to deploy strike teams that can assist SNFs experiencing COVID-19 outbreaks.

**Occupational Safety and Health Administration (OSHA).** The bill would allocate not less than \$100 million for OSHA, of which \$10 million is for Susan Harwood training grants and not less than \$5 million is for enforcement activities related to COVID-19 at high-risk workplaces, including health care, meat and poultry processing facilities, agricultural work places and correctional facilities.

**Federal Emergency Management Agency (FEMA).** The bill would provide \$50 billion, available until Sept 30, 2025, to carry out the purposes of the Disaster Relief Fund for costs associated with major disaster declarations.

**Medicare Wage Index.** The bill would establish a minimum wage index for hospitals in all-urban states for purposes of Medicare hospital payments, beginning Oct. 1, 2021.

**Rural Health Care Grants.** This bill would provide \$500 million to the Department of Agriculture to award grants to eligible entities, including certain rural hospitals, based on needs related to the COVID-19 pandemic. Awardees may use the grant to cover COVID-19-related expenses and lost revenue to maintain capacity, such as increasing capacity for vaccine distribution or telehealth capabilities.

**Child Care Provisions.** The bill includes a number of provisions to increase access to child care, including an additional \$15 billion through Sept. 30, 2021 for the Child Care and Development Block Grant that could be used specifically for health care and other front-line workers, regardless of income.

**Paid Family and Medical Leave.** The bill would reinstate until Sept. 30, 2021 tax credits for employers who voluntarily cover the paid family and medical leave provisions that were established by the Families First Coronavirus Response Act but that had expired on Dec. 31, 2020.

**Funding for State, Local, Territorial and Tribal Governments.** The bill would provide an additional \$350 billion for states, territories, and Tribal governments to mitigate the fiscal effects stemming from the PHE. In addition, it would create a “Coronavirus Capital Projects Fund” to provide \$10 billion for states, territories, and Tribal governments to

carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the COVID-19 PHE.

**Paycheck Protection Program (PPP).** The bill would modify the PPP to clarify that the Small Business Administration affiliation rules would not apply to certain applicants. Specifically, 501(c)(3) organizations that employ not more than 500 employees per physical location of the organization would become eligible for the program. The bill also would provide an additional \$7.25 billion for the program.

**Single-Employer Pension Plan Provisions.** The bill would stabilize interest rates at historical norms and allow for a more reasonable amortization timetable.

### **FURTHER QUESTIONS**

If you have questions, please contact AHA at 800-424-4301.