

September 10, 2021

HHS Announces Details on Additional Distributions of COVID-19 Relief Funds

\$25.5 billion in relief funds to be distributed; applications to open Sept. 29

The Department of Health and Human Services (HHS) today [announced](#) that it will distribute \$25.5 billion in COVID-19 relief funds to health care providers. This includes \$17 billion in a “Phase 4” distribution from the Provider Relief Fund (PRF), as well as the \$8.5 billion in American Rescue Plan (ARP) Act funds designated for rural providers. Providers will apply for both sets of funds through a single application process, which will open Sept. 29.

Phase 4 Distribution. HHS states that 75% of the \$17 billion Phase 4 PRF distribution will be based on providers’ COVID-19 lost revenues and expenditures from July 1, 2020, through March 31, 2021. Smaller providers will be reimbursed at a higher rate compared to larger providers. Specifically, medium and small providers will receive a base payment plus a supplement, which will be higher for smaller providers. Large providers will receive a payment based on a percentage of their lost revenues and expenses. HHS will determine the exact amount of the payments after analyzing the applications received.

The remaining 25% of the \$17 billion will be distributed in the form of bonus payments for providers based on the amount and type of services they provide to Medicare, Medicaid and Children’s Health Insurance Program (CHIP) patients. These payments will generally be made at Medicare rates. Providers who serve any patients living in rural areas, as [defined](#) by the Federal Office of Rural Health Policy (FORHP), and who otherwise meet the eligibility criteria, will receive a minimum payment.

ARP Rural Distribution. HHS states that \$8.5 billion in ARP payments will be made to providers based on the amount and type of Medicare, Medicaid and CHIP services they provide to patients who live in rural areas, as [defined](#) by FORHP. These payments will generally be based on Medicare reimbursement rates.

Phase 3 Distribution. HHS has also released [detailed information](#) about the methodology it used to calculate PRF Phase 3 payments, which were distributed in late 2020 and early 2021. **Providers who believe their PRF Phase 3 payment was not calculated correctly will now have the opportunity to request a reconsideration.** Further details on how to apply for reconsideration are forthcoming.

Reporting Deadline “Grace Period.” HHS also is granting a “final 60-day grace period” to the Sept. 30 deadline for the first PRF reporting period. Specifically, while

the deadlines to use funds and the reporting time period will not change, HHS states that it will not initiate collection activities or similar enforcement actions for noncompliant providers during the grace period.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act and subsequent laws included \$178 billion in the Public Health and Social Services Emergency Fund to reimburse health care providers for health care-related expenses or lost revenues not otherwise reimbursed that are attributable to COVID-19. The ARP Act provided \$8.5 billion to reimburse rural health care providers for health care-related expenses and lost revenues attributable to COVID-19.

FURTHER QUESTIONS

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