



TO: Member Hospital CEOs and CFOs

FROM: Tish Hollingsworth, Vice President of Reimbursement

DATE: May 1, 2020

RE: Update on CARES Act Provider Relief Fund Round 2

Last week, we sent a [memo](#) to members to provide information regarding the \$50 billion Provider Relief Funds (also referred to as “General Distribution Funds”) from the Department of Health and Human Services (HHS) to healthcare providers from the CARES Act. As reported in the memo, HHS distributed \$30 billion from the Provider Relief Funds between April 10 and April 17 based on a provider’s proportionate share of Medicare fee-for-service (FFS) reimbursements in 2019.

As of April 24, HHS began distributing the remaining \$20 billion of the Provider Relief Funds to Medicare providers to augment providers' allocations so that the whole \$50 billion of Provider Relief Funds is allocated proportional to providers' share of net patient revenue in 2018. Medicare providers who did not receive a payment on April 24 must submit their revenue information to the [General Distribution Portal](#) to be able to receive additional Provider Relief Funds and agree to the [Terms and Conditions](#) for this additional distribution.

Earlier this week, HHS clarified through their updated [FAQs](#), additional information regarding the Provider Relief Application Portal (see page 2):

*“The Provider Relief Fund Application Portal has been deployed in order to collect information from providers who have already received General Distribution payments prior to April 24th 2020 at 5 pm EST. The Provider Relief Fund Application Portal is collecting four pieces of information for use in allocating remaining General Distribution funds:*

- 1) a provider’s “Gross Receipts or Sales” or “Program Service Revenue” as submitted on its federal income tax return;*
- 2) the provider’s estimated revenue losses in March 2020 and April 2020 due to COVID;*
- 3) a copy of the provider’s most recently filed federal income tax return;*
- 4) a listing of the TINs any of the provider’s subsidiary organizations that have received relief funds but that DO NOT file separate tax returns.*

*This information may also be used in allocating other Provider Relief Fund distributions.”*

HHS has developed a [user guide](#) to assist healthcare providers in understanding the information that needs to be entered into the portal. This user guide along with the [FAQs](#) should help you to understand the information needed for submitting your revenue information. Governmental hospitals that do not

file a tax return may want to refer to the following question on page 8 of the FAQs to assist in completing the revenue information.

***“Which information should be submitted by a state-run entity (e.g. state university medical center) that has no parent organization that files a federal income tax return?”***

*The applying state entity should select “Tax-Exempt Organization” in the dropdown menu for “Federal Tax Classification.” The state entity should use Net Patient Revenues from its most recent audited annual financial statements as a substitute for “Program Services Revenue” when prompted. Further, the state entity should submit its most recent audited financial statements as a substitute for the federal income tax return Form 990 requested.”*

After a number of calls with hospitals, accounting firms, and our CMS Regional Office this week, below are some takeaways from the vague information we have received so far from HHS.

**Takeaways:**

- HHS indicates that healthcare providers must register into the portal to be considered for Round 2 Provider Relief Fund payments if they did not receive an automatic payment on April 24. HHS further indicates that all providers are required to submit revenue information to the provider portal for later verification as part of the terms and conditions.
- Governmental hospitals that do not file a tax return must enter their information into the portal and indicate they are tax exempt (see information in the italicized paragraph above).
- Healthcare providers must attest in the portal each time a round of money is received from the Public Health and Social Services Emergency Fund (PHSSEF) under the CARES Act.
- HHS indicates they will reconcile payments made under both waves of the \$50 billion of Provider Relief Funds so that the healthcare provider’s total allocation under both rounds of payments is proportional to their share of 2018 total net patient revenue.
- Providers should carefully review the terms and conditions for the various tranches of funding available through the CARES Act, as HHS seems to continually update those documents.

We will continue to provide clarity to the information from HHS as it becomes available. If you have any questions, please contact [Tish Hollingsworth](#).