Thursday, June 11, 2020

The U.S. Department of Health & Human Services (HHS) has announced that it will be distributing $15 billion in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to Medicaid and Children’s Health Insurance (CHIP) providers. Eligible Medicaid and CHIP providers should act quickly to apply for their share of funds. The Medicaid Targeted Distribution will not be disseminated automatically, and providers must apply between June 10, 2020 and July 3, 2020.

Who is eligible?

Providers must meet the following criteria in order to apply for Medicaid Targeted Distribution:

1. Must not have received payment from or have been eligible for the $50 billion General Distribution;

2. Must have directly billed Medicaid for healthcare-related services during the period of January 1, 2018, to December 31, 2019, or own (on the application date) an included subsidiary that has billed Medicaid for healthcare-related
services during that period;

3. Must have either filed a federal income tax return for fiscal years 2017, 2018 or 2019, or be an entity exempt from the requirement to file a federal income tax return and have no beneficial owner that is required to file a federal income tax return (e.g. a state-owned hospital or healthcare clinic);

4. Must have provided patient care after January 31, 2020;

5. Must not have permanently ceased providing patient care directly, or indirectly through included subsidiaries;

6. If the applicant is an individual, must have gross receipts or sales from providing patient care reported on Form 1040, Schedule C, Line 1, excluding income reported on a W-2 as a (statutory) employee; and

7. Providers must be on a TIN list submitted by a state to HHS or must be validated by HHS to receive these funds.

In addition, and similar to the terms and conditions imposed on other providers and suppliers, recipients cannot have been terminated from participation in Medicare or precluded from receiving payment through Medicare Advantage or Part D, cannot be excluded from participation in Medicare, Medicaid, and other Federal health care programs, and cannot currently have Medicare billing privileges revoked. Recipients of more than $150K in CARES Act funds are required to prepare and submit a quarterly report to HHS detailing the amounts received and how they were utilized. Moreover, those receiving less than $150K in CARES Act funds may be required to complete accountability reports about the funds. The format for any such reports has yet to be released by HHS. Lastly, recipients must agree not to balance bill patients for care of an actual or presumptive case of COVID-19.

**How do eligible providers access funds?**

Eligible Medicaid and CHIP providers must apply for the Medicaid Targeted Distribution through the enhanced HHS provider portal, which launched June 10, 2020. Providers should have the following documentation ready when they access the portal:

1. The applicant’s most recent federal income tax return for 2017, 2018 or 2019 or a written statement explaining why the applicant is exempt from filing a federal income tax return;

2. The applicant’s Employer’s Quarterly Federal Tax Return on IRS Form 941 for Q1 2020, Employer’s Annual Federal Unemployment (FUTA) Tax Return on IRS Form 940, or a statement explaining why the applicant is not required to submit either form;

3. The applicant’s FTE Worksheet (provided by HHS);

4. If required by Field 15, the applicant’s Gross Revenue Worksheet (provided by HHS).
**How much will providers receive?**

The Medicaid Targeted Distribution payment will be based upon 2% of gross revenues from patient care for CY 2017, or 2018 or 2019, as selected by the applicant (and with accompanying submitted tax documentation).

Funds will be distributed on a rolling basis, so providers should plan to apply as early as possible. Providers have 90 days after delivery of the funds to sign an attestation confirming receipt and compliance with Terms and Conditions.

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