HHS Announces Additional Distribution of $10 Billion to Safety Net Hospitals, and $15 Billion to Medicaid and CHIP Providers Left Out of General Distribution

On June 9, 2020, the U.S. Department of Health and Human Services (HHS) announced that it would distribute up to $25 billion of CARES Act Provider Relief Funds to safety net hospitals and state Medicaid and Children’s Health Insurance Program (CHIP) providers.

The distribution will comprise $10 billion sent directly to safety net hospitals this week via direct deposit, and up to $15 billion to the approximately 38% of Medicaid and CHIP providers who did not receive Provider Relief Fund payments as part of the General Distribution of $50 billion. According to the announcement, a safety net hospital will qualify for a payment ranging from $5 million to $50 million if it has:

1. A Medicare Disproportionate Payment Percentage (DPP) of 20.2% or greater;
2. Average Uncompensated Care per bed of $25,000 or more; and
3. Profitability of 3 percent or less, as reported on the hospital’s most recently filed Cost Report.
To allocate the payments to Medicaid and CHIP providers, on June 10 HHS launched an “enhanced Provider Relief Fund Payment Portal” (accessible here) for Medicaid and CHIP providers to report annual patient revenue. According to HHS, payments to each eligible provider will be at least 2% of annual patient revenue, with the final amount to be determined once all data is submitted. HHS cites – as examples of Medicaid or CHIP providers who may be eligible to apply – pediatricians, obstetrician-gynecologists, dentists, opioid treatment and behavioral health providers, assisted living facilities, and other home and community-based providers.

Instructions for applying for the Medicaid/CHIP distribution are available here, and the application form is available here. Providers should note that the eligibility criteria listed in the HHS announcement and the criteria listed in the instructions appear to be inconsistent. Notably, the date ranges during which a provider must have billed Medicaid in order to be eligible to apply are different between the two documents. The instructions also do not directly reference billing CHIP, and therefore may not be up-to-date for purposes of this distribution. Accordingly, providers would be well advised to closely monitor HHS announcements for further clarification, or to reach out to HHS directly to confirm eligibility.

Finally, in its announcement, HHS issued a reminder that it is soliciting updated information from hospitals on COVID-19 inpatient admissions between January 1 through June 10, 2020, which information will be used for a second round of funding to hospitals in COVID-19 hotspots. Such information must be provided by June 15, 2020 at 9 p.m. ET. HHS also indicated that there may be an additional allocation of relief funds for dentists.

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