



\$100 Billion for Hospitals to Combat COVID-19

How Do You Get the Money?

March 26, 2020

Coronavirus Aid, Relief, and Economic Security Act – or CARES Act – contains \$100 billion for hospitals and other health care providers impacted by the current pandemic.

The funds are in the Public Health Emergency Fund. The PHEF (click [here](#) for the law) was created in 1983 and is under the authority of the HHS Secretary who is authorized to access the funds following a declaration of a Public Health Emergency. When established, the PHEF funding was a “no year” account, with an initial appropriation of \$30 million. However, no appropriations to the PHEF have been authorized since FY1999 and has maintained a zero balance since at least 2012. For a great fact sheet on the PHEF from the Association of State and Territorial Health Officials, click [here](#).

Within the newly approved legislation (click [here](#)), at pages 750-752, authorizes the HHS Secretary to expend \$100 billion, “to prevent, prepare for, and respond to coronavirus . . . for necessary expenses to reimburse, through grants or other mechanisms, eligible . . . providers [including hospitals] for healthcare-related expenses . . . attributable to coronavirus.”

Neither the underlying law nor the language in the bill give explicit direction on how the funding will be distributed, it will be at the discretion of the Secretary. This likely means that HHS will develop an application process that will require hospitals to justify their needs on a case-by-case basis and distributed as first come, first served. We will stay very close to this process and advise you as more information becomes available.

Limited Qualifications Set Forth in H.R. 748 Include:

- Intended for “eligible health care providers” that are public entities, Medicare or Medicaid enrolled suppliers and providers and such for-profit entities not otherwise described in this provision as the Secretary may specify within the US that provide diagnoses, testing or other care for individuals with possible or actual cases of COVID-19;
- The funds appropriated shall be available for building or construction of temporary structures, leasing properties, medical supplies and equipment including PPE and testing supplies, increased workforce, emergency operation centers, retrofitting and surge capacity;
- The term “payment” means a pre-payment, prospective payment or retrospective payment as determined appropriate by the Secretary and payments shall be made in consideration of the most efficient payment systems practicable;
- To be eligible for payment a health care provider shall submit to the Secretary an application that includes a statement justifying the need for payment and payment recipients will be required to submit compliance reports to the Secretary; and
- This Congressionally designated amount is pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and 20 Emergency Deficit Control Act of 1985.
 - “the Congress designates as emergency requirements in statute on an account by account basis and the President subsequently so designates”