



Executive Summary

Health Care Provisions in the HEROs Act

May 14, 2020

On May 12, House Democrats released a \$3 trillion coronavirus relief bill. Click [here](#) for HR 6800, [here](#) for a 90-page summary prepared by Congressional staff, [here](#) for a one-pager and [here](#) for a press release on the health care provisions.

Key health care provisions are summarized below. We expect some of these provisions, in some form, to be included in the final package. Stay tuned for the Senate Republicans' proposal.

\$175 Billion Public Health and Social Services Emergency Fund

\$100 Billion in Grants for Providers

- Requires providers to submit cost reports to apply for funds 7 days after the quarter ends; the Secretary is to review and make awards within 14 days after the close of the quarter
- Establishes a formula for reimbursement – the sum of
 - 100% of eligible expenses and 60% of lost revenues minus funds received during the quarter pursuant to the previous legislation
 - Eligible expenses include pandemic-related costs such as temporary construction, equipment, tests, training and workforce retention.
- Providers may not receive any duplicative reimbursement. Funds may not be used for executive compensation or benefits, including salary, bonuses, awards of stock or other financial benefits for an officer or employee whose total compensation exceeded \$3 million in calendar year 2019.
- Providers receiving funds would be barred from balance billing or charging uninsured COVID-19 patients for medically necessary items and services during the public health emergency.
- If there is insufficient money to reimburse all qualified applicants for the quarter, the Secretary shall prioritize reimbursement of eligible expenses and uniformly reduce a percentage of lost revenues to reimburse a portion of lost revenues for all eligible providers who apply.

\$75 Billion for Testing and Contract Tracing

Accelerated/Advanced Payments

- Continues the accelerated/advanced payments program established in CARES 3 with beneficial changes:
 - Payment (including funds from CARES 3) would be treated as if it were made from the General Fund of the Treasury instead of the Medicare Trust Fund;
 - Hospitals may request up to 1 year before their claims will be offset to recoup the accelerated payments;
 - Any such offset of a claim to recoup payment shall not exceed 25% of the amount of the claim;
 - Allows no less than 2 years from the date of the first accelerated payment before requiring that the outstanding balance be paid in full, and
 - Reduces the interest rate to 1% from the current 10.25%.

Medicaid

- Increases FMAP by an additional 7.8 percentage points on top of the 6.8 percent added in March for a total of 14 percent for one year beginning July 1.
- Prohibits CMS from finalizing the Medicaid Fiscal Accountability Regulation during the pandemic emergency.
- Temporarily increase Medicaid DSH allotments by 2.5%.
- Eliminates cost sharing for Medicaid beneficiaries for COVID-19 treatment and vaccines and provides that uninsured individuals who are covered through the new Medicaid eligibility pathway and receive treatment for COVID-19 without cost sharing.

Additional Funding

- HRSA - \$7.6 billion to support expanded health care services for underserved populations
- SAMHSA - \$3 billion for substance abuse and mental health
- FCC - \$2 billion for Rural Health Care Program to partially subsidize health care providers' broadband services for all nonprofit and public hospitals – not just rural

HEROS Fund

- \$200 billion in grants available for employers to provide Pandemic Pay to essential workers (includes health care workers and other workers in health care settings)
- Employers apply to the Treasury Department for grants; employers receiving grants must pay essential workers at a minimum of \$13/hour for the duration of the PHE
- Maximum award limited to \$5,000 for a highly compensated employee (\$200K+), \$10,000 for a non-highly compensated employees, minus employer payroll taxes

Small Business Payroll Protection Program

- Extends covered period from June 30 to December 31;
- Extends eligibility to all nonprofits of all sizes;
- Makes a technical correction to ensure hospitals in bankruptcy still qualify for PPP loans; and
- Carves out 25% of existing funds solely for the use of nonprofits, no matter their size or type, but requiring that at least half go to those under 500 employees

Federal Reserve's Main Street Lending Program

- Extends program to non-profit organizations;
- Must offer a low-cost loan option tailored to the unique needs of non-profit organizations with deferred payments; and
- Must offer at least one low-cost loan option that small non-profits are eligible for without a minimum loan size