

CARES Act Impact on Health Care

March 31, 2020

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On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act provides a relief package that pushes \$2 trillion into the U.S. economy by providing financial assistance to millions of American individuals, businesses, and industries affected by the COVID-19 pandemic. The CARES Act contains several significant measures benefitting the health care industry, the frontline for battling this pandemic. These measures include:

Monetary Support

- \$100 billion in funds has been allocated to reimburse health care providers for expenses incurred in treating COVID-19 patients. Health care providers will need to submit the required documentation to the secretary of the Department of Health and Human Services in order to receive these funds.
- \$1.32 billion will be provided to federally qualified health centers for fiscal year 2020 through supplemental awards for the prevention, diagnosis, and treatment of COVID-19.

Medicare

- The secretary may accelerate Medicare payments to hospitals on a periodic or lump sum basis.
- Repayment of the accelerated payments to hospitals will be delayed for 120 days and repayment can be done over a 12-month period.
- There will be a 20% increase in the diagnosis-related group rate for COVID-19 patients.

- Medicare sequestration will be temporarily suspended from May 1, 2020, through December 31, 2020.
- Patients may receive prescription drugs for a 90-day period.
- The 50% rule or site-neutral payment policies for long-term care hospitals will be waived, allowing for increased capacity.

Medicaid

- Reduction in disproportionate share hospital payments are delayed until December 1, 2020.
- Spousal impoverishment protections are extended through November 30, 2020.

Telehealth

- The secretary shall encourage the use of telehealth services during the emergency period.
- Telehealth services may be provided to new patients, eliminating the preexisting patient relationship requirement.
- The requirement of face-to-face visits for home dialysis and hospice patients is waived for the emergency period.
- Cost-sharing for telehealth services has been waived.
- Rural health clinics and federally qualified health centers may serve as distant site providers for telehealth services.

Testing and Preventative Services

- Diagnostic testing for the detection of COVID-19 is approved and authorized.
- \$11 billion is being provided for diagnostics, treatment, and vaccines for COVID-19.
- Health insurance plans must cover COVID-19 diagnostic tests without cost-sharing.
- Providers of a diagnostic test for COVID-19, who have not negotiated a rate with health insurance plans, must publish the cash price for each test on their public website for the duration of the emergency period. Failure to publish such pricing could result in penalties of up to \$300 per day.

Medical Device and Drug Shortages

- The secretary is instructed to prioritize the review of applications for drugs that are critical to the public health during this emergency.
- Manufacturers of drugs critical to the public health must develop and implement a risk management plan identifying and evaluating the risks of supplying such drug.
- \$80 million is being provided to the Food and Drug Administration to prioritize and expedite the approval of COVID-19 drugs.
- The manufacturer of a medical device critical during a public health emergency, or devices the secretary deems essential, must notify the secretary of a permanent discontinuance in the manufacture of the device (unless it is a result of an approved modification) or a significant interruption in manufacture of the device.

Health Care Supplies

- The secretary is instructed to work with the National Academies of Sciences, Engineering, and Medicine to assess and evaluate the supply chain of critical drugs and devices for providing health care in order to make recommendations for improving the resiliency and address vulnerabilities or potential disruptions.
- The Strategic National Stockpile is expanded to include certain personal protective equipment, ancillary medical supplies, and other essential supplies.
- \$16 billion is available to increase supplies and equipment in the Strategic National Stockpile.
- Respiratory protective devices are added as covered countermeasures for liability protections for pandemic and epidemic products.

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