

# Vermont Legislative Joint Fiscal Office

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## ISSUE UPDATE

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### **UPDATE ON FEDERAL FISCAL RELIEF TO VERMONT HEALTH CARE PROVIDERS RELATED TO COVID-19 as of 4/13/20**

The following is a brief update on federal fiscal relief funds allocated to Vermont health care providers related to COVID-19 known to date. We will continue to provide updates as we become aware of new information.

#### **CARES Act Provider Relief:**

##### ***\$54.4 million (distributed as of 4/10/20)***

The CARES Act included \$100 billion for health care providers. On April 10, the U.S. Department of Health and Human Services (HHS) released the first \$26 billion which were to be distributed proportionate to each providers' total share of Medicare fee-for-service reimbursements for 2019. According to documents provided by HHS, Vermont providers are to receive \$54.4 million immediately. However, after review by Vermont stakeholders it was quickly determined that this amount may not be correct. It is believed the methodology used by HHS in determining the distributions did not take into consideration Vermont's All Payer Model which is a unique arrangement that does not use fee-for-service. Officials from the Agency of Human Services (AHS), OneCare Vermont, and Vermont's Congressional delegation have been in contact with HHS officials and are hoping to remedy this discrepancy quickly. While it is not yet known what the fiscal implications of this error are, very preliminary estimates of the potential shortfall are between \$10 and \$30 million.

#### **Medicare Accelerated/Advanced Payment Program Expansion:**

##### ***\$159.2 million in loans to Vermont Providers (as of April 4, 2020)***

As of April 4, the Center for Medicare and Medicaid Services (CMS) had approved \$159.2 million in accelerated Medicare payments to Vermont providers.<sup>1</sup> In an effort to increase cash flow and resources to health care providers to combat COVID-19, CMS expanded its Medicare Accelerated/Advanced Payment Program which allows for short-term no interest loans to providers in certain circumstances such as natural disasters, etc.<sup>2</sup> CMS has streamlined the process reducing processing times for requests from 3 to 4 weeks, to 4 to 6 days. According to CMS, the number of requests under this program went from approximately 100 requests over the last five years (mostly due to natural disasters such as hurricanes and tornados) to 17,000

<sup>1</sup> A state-by-state breakout of these payments can be found at <https://www.cms.gov/files/document/covid-accelerated-and-advance-payments-state.pdf>

<sup>2</sup> Medicare's Accelerated and Advanced Payment Program is funded by the Hospital Insurance (Part A) and Supplementary Medical Insurance (Part B) trust fund.

requests in just one week. Providers have up to 210 days to repay these loans. It should be noted that this funding is separate from the \$100 billion provided under the CARES Act, which will not need to be repaid.

**Federal Qualified Health Centers:**

***\$9.4 million (as of April 8, 2020)***

Under two of the three federal COVID response bills enacted by the federal government, Federal Qualified Health Centers (FQHCs) in Vermont will have access to approximately \$9.4 million in funding from the Health Resources & Service Administration (HRSA) in response to the COVID-19 pandemic. These dollars are not awarded as lump sums – FQHCs are able to draw down these dollars based on the terms and conditions of these grants.

- The Coronavirus Preparedness and Response Supplemental Appropriation Act (enacted March 6, 2020): \$683,380
  - For a list of Vermont grantees, click [here](#)<sup>3</sup>
- The Coronavirus, Aid, Relief, and Economic Security Act or CARES ACT (enacted March 27, 2020): \$8,709,250
  - For a list of Vermont grantees, click [here](#)<sup>4</sup>

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<sup>3</sup> <https://bphc.hrsa.gov/emergency-response/coronavirus-covid19-FY2020-awards/vt>

<sup>4</sup> <https://bphc.hrsa.gov/emergency-response/coronavirus-cares-FY2020-awards/vt>