

(UPDATED 4:00 P.M., MARCH 31, 2020)

### AUTOMATIC FEDERAL FISCAL RELIEF

This document provides an overview of the fiscal relief made automatically available to hospitals and health systems through the CARES Act, enacted March 28. A companion resource document identifying federal funding opportunities to assist hospitals needing immediate financial resources, and for which hospitals must *apply*, is available [here](#). Please see WVHA's dedicated COVID-19 [webpage](#) for the latest information.

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### Medicare Hospital Inpatient Prospective Payment System Add-On Payment for COVID-19 Patients during Emergency Period

- **Description:** The weighting factor for discharges of Medicare fee-for-service patients with a COVID-19 diagnosis during the COVID-19 emergency period will increase by a factor of 20. (Established in the CARES Act, enacted 3.28.2020)
- **Eligible providers:** Inpatient Prospective Payment System (IPPS) hospitals.
- **Other:**
  - Hospitals must identify COVID-19 discharges by using appropriate diagnosis or condition codes.
  - This payment adjustment does not consider budget neutrality requirements.

### Adjustment of Sequestration

- **Description:** Medicare sequestration reduction will be suspended during the period of May 1 through December 31, 2020. (Established in the CARES Act, enacted 3.28.20)
- **Eligibility:** All Medicare-enrolled providers currently accepting Medicare payments.
- **Other:** The Medicare sequestration required in Section 251A(6) of the Balanced Budget and Emergency Deficit Control Act (BBEDCA) of 1985 will be extended from fiscal year 2029 to fiscal year 2030.

### Delay of Payment of Employer Payroll Taxes

- **Description:** Allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government with respect to their employees. (Established in the CARES Act, enacted 3.28.2020)
  - Employers generally pay a 6.2% FICA tax on wages below \$137,700 (2020).
  - Employers can defer the tax from April through December 2020 (approximately 9 months).
- **Eligible providers:** All employers and self-employed individuals, including hospitals and other health care providers, regardless of type (e.g., for-profit, nonprofit, public/governmental).
- **Eligible expenses:** There is no requirement on employers related to the use of money saved through delayed payroll tax payments.

- **Repayment:** Deferred employment tax must be paid over the following two years. Half of the amount required must be paid by December 31, 2021 and the other half must be paid by December 31, 2022.

## State Hospital Association Grants to Hospitals

- **Description:** The US Department of Health and Human Services (HHS) Secretary for Preparedness Response is authorized to distribute \$50 million in grants to State Hospital Associations with the direction that they distribute the funds within 30 days to local hospitals. (Established in the CARES Act, enacted 3.28.2020)
- **Eligible providers:** Hospitals and health care providers in each state.
- **Eligible expenses:** Healthcare-related expenses or lost revenues not otherwise reimbursed and directly attributable to COVID-19.
- **Application:** WVHA will apply for the funds; hospitals do not need to apply. WVHA's allocation is not known at this time, however, 53 state and territorial hospital association applicants are eligible to apply for a portion of the \$50 million pool.
- **Payment:** The funds are expected to be distributed to hospitals by early May, depending on how quickly WVHA receives its allocation.

## Extension of Work Geographic Index Floor under the Medicare Program

- **Description:** The Work Geographic Index Floor will be extended through December 2020, allowing HHS to provide larger payments to physicians in areas that have labor costs lower than the national average. (Established in the CARES Act, enacted 3.28.2020)
- **Eligible providers:** Physicians working in areas eligible for the Work Geographic Index Floor.

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### Sources:

<https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf>

[https://www.aha.org/advisory/2020-03-30-special-bulletin-cares-act-financial-resources-assist-hospitals-and-health?utm\\_source=newsletter&utm\\_medium=email&utm\\_content=03302020%2Dsb%2DP3%2Dplus&utm\\_campaign=aha%2Dspecial%2Dbulletin](https://www.aha.org/advisory/2020-03-30-special-bulletin-cares-act-financial-resources-assist-hospitals-and-health?utm_source=newsletter&utm_medium=email&utm_content=03302020%2Dsb%2DP3%2Dplus&utm_campaign=aha%2Dspecial%2Dbulletin)

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