

CORONAVIRUS INFORMATION & UPDATES

June 10, 2020

HHS Announces Enhanced Relief Fund Payments for Dental and Other Medicaid & CHIP Providers

On June 9, 2020, the U.S. Department of Health and Human Services (HHS), through the Health Resources and Services Administration (HRSA), [announced](#) that Medicaid and Children’s Health Insurance Program (CHIP) providers may be eligible to receive a targeted distribution from the Provider Relief Fund established by the CARES Act (referred to as the “Medicaid Targeted Distribution”). HHS expects to distribute about [\\$15 billion](#) through this Medicaid Targeted Distribution with the intent to supply relief to Medicaid and CHIP providers experiencing lost revenues or increased expenses due to COVID-19.

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Below are some important details regarding the Medicaid Targeted Distribution:

Eligibility

To be eligible for the Medicaid Targeted Distribution, providers:

- **Must not have received, or been eligible for, payments from the earlier \$50 billion General Distribution Provider Relief Fund¹** (meaning if you either received or returned/rejected funds from the General Distribution, then you are not eligible for the Medicaid Targeted Distribution). Providers, however, remain eligible even if they received prior payment in another Provider Relief Fund targeted distribution (*e.g.*, the high impact area, rural, Indian health service, or skilled nursing facility targeted distributions).
- **Must have directly billed Medicaid and/or CHIP programs for health care-related services during the period of January 1, 2018 to December 31, 2019.**
- **Must have either (i) filed a federal income tax return for fiscal years 2017, 2018 or 2019 (if not – please see guidance below) or (ii) be an entity exempt from the requirement to file a federal income tax return** and have no beneficial owner that is required to file a federal income tax return (*e.g.*, a state-owned hospital or health care clinic);
- Must have provided patient care after January 31, 2020; and
- Must not have permanently ceased providing patient care directly, or indirectly through included subsidiaries.

According to HHS, examples of health care providers who may be eligible for this distribution include [dentists](#), pediatricians, obstetrician-gynecologists, opioid treatment and behavioral health providers, Federally Qualified Health Centers that bill for out-of-scope patient services, assisted living facilities and other home and community-based services providers. HHS estimates that close to one million providers may be eligible for this funding.

¹ For a description and details regarding distribution and eligibility for the General Distribution Fund see [here](#).

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Distribution Payments

According to HHS, providers can expect a distribution equal to at least 2% of their reported gross revenues from patient care (total patient care – not just Medicaid revenue); provided, however, the exact amount of relief that a provider receives will be determined after they have submitted their annual patient revenue information and ***will be based on the number of Medicaid patients the provider serves. As such, it is possible that providers may receive less than 2% of reported gross revenues.*** Note also that the application makes clear that gross revenue should only include revenue attributable to patient care and should exclude non-patient care revenue such as revenue from insurance, retail and real estate.

HHS has developed a new Targeted Distribution Provider Relief Fund Payment Portal available [here](#) for providers who did not receive payments under the previous General Distribution, including those providers who bill Medicaid and CHIP. The portal website also includes detailed [instructions](#) regarding how to apply and an [application form](#). HHS is accepting applications through the new portal as of June 10, 2020. In order to apply, providers will need to upload the following:

- The applicant's most recent federal income tax return for 2017, 2018 or 2019 or a written statement explaining why the applicant is exempt from filing a federal income tax return (e.g., a state-owned hospital or healthcare clinic). *According to HHS, providers unable to provide a recent federal income tax return should provide their most recent audited financial statements (or management prepared financial statements) for the TIN entity. If the financial information of a TIN entity is reported as part of a parent organization, it may be necessary to provide **consolidating audited financial statements that breakout the revenue and expenses for the TIN entity**;²*
- The applicant's Employer's Quarterly Federal Tax Return on IRS Form 941 for Q1 2020, Employer's Annual Federal Unemployment (FUTA) Tax Return on IRS Form 940, or a statement explaining why the applicant is not required to submit either form (e.g. no employees);
- The applicant's FTE Worksheet (provided by HHS); and
- If required, the applicant's Gross Revenue Worksheet (provided by HHS).

The deadline to apply for this additional funding is July 20, 2020, although in our experience with these programs thus far, funds are distributed on a first come/first serve basis, so best not to delay submission of the application.

As with the initial \$50 billion General Distribution Fund, each recipient must sign an attestation and agree to the [Terms and Conditions](#) of the funding within 90 days of receipt of funds. The Terms and Conditions are substantially similar to the General Distribution Fund, which we summarized in a prior [Alert](#).

Additionally, similar to the General Distribution Fund, payments received from the Medicaid Targeted Distribution must be used to prevent, prepare for, or respond to the coronavirus and cannot be used for to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse (for example, such as funds

² See FAQs [here](#).

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subject to forgiveness under the Paycheck Protection Program and similar government programs) as discussed in more detail in a prior Alert [here](#).

Providers should note that consenting to the Terms and Conditions allows HHS to publicly disclose the provider's payment amount, which could enable third parties to estimate the provider's gross receipts or sales, program service revenue, or other equivalent information. In addition, by consenting to the Terms and Conditions, providers receiving more than \$150,000 total in federal Coronavirus relief funds agree to submit reports at the end of each calendar quarter covering the total amount of funds received from HHS and a detailed list of all projects or activities for which large funds were expended or obligated, along with other enumerated items.

For more information regarding the Provider Relief Fund's Medicaid Targeted Distribution, please see [HHS' CARES Act Provider Relief Fund FAQ](#).