

CARES Act Provider Relief Fund Phase 4 Distribution American Rescue Plan (ARP) Rural Payment Background and Reconsiderations

The Health Resources and Services Administration (HRSA) opened up a process for providers to submit applications for distributions of \$17 billion in CARES Act Phase 4 and \$8.5 billion in ARP rural funds. This application process closed on November 3, 2021.

For some background, we are providing details on the payment calculation methodology and status of applications. Information regarding reconsiderations of the payments is also provided.

The Phase 4 distributions are calculated as follows:

- 75% of the payment is based on lost revenue and increased expense for July 1, 2020, through March 31, 2021: Providers are paid at different percentages:
 - Small providers (less than or equal to \$10M) – 45% of change in revenues and expenses
 - Medium providers (between \$10M and \$100M) – 25% of change in revenues and expenses
 - Large providers (greater than or equal to \$100M) – 20% of change in revenues and expenses
- The remaining 25% of the payment is based on Medicare/Medicaid/Children's Health Insurance Program (CHIP) revenue from January 1, 2019, through September 30, 2020
- There is a bonus payment based on 0.3% of Medicare, Medicaid, and CHIP administrative claims data from January 1, 2019 through September 30, 2020
- Deductions for prior payments not previously deducted in Phase 3

The ARP rural payments are calculated as follows:

- HHS looks at claims for beneficiaries that reside in a rural area regardless of where the provider is located
- Medicare, Medicaid, and CHIP claims from January 1, 2019 through September 30, 2020
- Medicaid and CHIP claims are priced at national Medicare rates
- Payment is based on approximately 3% of adjusted Medicare, Medicaid, and CHIP claims revenue
- Minimum payment of \$500

Per the HRSA website on April 15, 2022, 92% of provider applications have been processed for Phase 4 while 97% of rural applications have been processed.

While payments by provider have been disclosed, the Phase 4 payments are included with other Provider Relief Funds payments, making it difficult to determine the amount for Phase 4. The rural payments are available in a different database.

Reconsideration of the Phase 4 and rural payments is available. **The reconsideration window is open until May 2, 2022 at 11:59:59pm EST.** The application must be submitted online on the reconsideration form. The basis for the reconsideration is that the provider believes that their payment was not calculated correctly.

The reconsideration application will require the following information:

- Copy of payment determination letter from HRSA
- DocuSign Envelope ID
- Contact information and Tax Identification Number (TIN) from original Phase 4/ARP Rural application
- Reason you believe your Phase 4/ARP Rural payment was calculated incorrectly

Note: For any Phase 4/ARP Rural applicants who have yet to receive a payment determination from HRSA, those applicants will be given at least 45 days to apply for reconsideration, even if they receive their Phase 4/ARP Rural payment determination after the May 2, 2022 deadline.

You may not request reconsideration if you missed a deadline, may not revise or correct the original application, such as being considered for ARP Rural payment, or request that there be a change to the payment methodology or policy.

Submission of reconsideration request does not guarantee an approval of or adjustment to payment, and the approval of or adjustment to payment is subject to availability of funds.

Providers also had an opportunity to request reconsideration on their Phase 3 application. The reconsideration period closed on November 12, 2021. If the provider requested reconsideration prior to establishment of the process, they may submit a reconsideration request now even though the reconsideration period is closed. As of April 2022, HRSA is processing the requests and it is anticipated that the review of requests will occur over an extended period of time.

For further information, please contact Bill Hartung, Director of Reimbursement, at 509-448-2067 x2100. Or bill.hartung@billing-services.com