



CARES Act Tranche 2 Distribution Information

The CARES Act provided **\$100 billion** to HHS (as part of the \$2.5 trillion stimulus package) to support eligible health care providers.

\$50 billion of that was targeted largely for hospitals, (e.g., high impact areas and rural hospitals) and for payment of uninsured treatment and testing (HRSA).

The remaining **\$50 billion** was allocated as follows:


\$30 billion Tranche 1 – Health and Human Services (HHS) disbursed between April 10 and April 17, 2020.

\$20 billion Tranche 2 – HHS is currently disbursing

To expedite providers getting money as quickly as possible, HHS distributed \$30 billion immediately in Tranche 1, proportionate to providers' share of Medicare fee-for-service reimbursements in 2019. Then, beginning on April 24, HHS began distributing an additional \$20 billion in Tranche 2 to providers based on their share of net patient revenue, and began accepting submissions from eligible providers of their financial data to apply for Tranche 2 funds.

Because these are grant funds rather than loans, repayment is not required. However, the CARES Act requires that providers meet certain terms and conditions if a provider retains a Provider Relief Fund payment. If a provider chooses to retain the funds, it must attest that it meets these terms and conditions of the payment (if you choose to handle the attestation yourself, the CARES Act Provider Relief Fund Payment Attestation Portal, <https://covid19.linkhealth.com/#/step/1>, will guide you through the attestation process to accept or reject the funds). If you have not already attested and are accepting the Tranche 1 funds, please let me know so that Gottlieb can attest for you. **Not attesting or not returning the payment within 45 days of receipt will be viewed as acceptance of the Terms and Conditions.** A provider must attest for each of the Provider Relief Fund distributions received. *Please note: Providers should not attest to Tranche 2 funds until they determine that the total funding they received from the summation of Tranche 1 and Tranche 2 is correct.*

All providers who automatically received Tranche 1 funds prior to 5:00 pm, Friday, April 24th, **must** provide HHS with an accounting of their annual revenues by submitting tax forms or financial statements. These providers **must** also confirm receipt of previously received Tranche 1 funds and accept the program Terms and Conditions if they wish to keep the funds. Providers who wish to be considered for Tranche 2 funds must submit revenue information. **Providers need to act by June 3, 2020 (this represents 45 days from the final Tranche 1 distributions made on April 17th).**

If you received Tranche 1 funds and have not yet applied for Tranche 2 funds, you may apply on the HHS [General Distribution Portal](#)  for consideration to receive additional general distribution funds.

The submission of tax forms / financial statements to the portal will also serve as an application for additional funding available through Tranche 2. All providers submitting their financial information will be considered for additional funding from the Tranche 2 General Distribution.

HHS has clarified that the **total distribution for Tranche 1 & 2 for a provider should be approximately 2% of 2018 gross revenue (or gross revenue reported on most recent tax form you provided)**. Therefore, if the provider received less than 2% of 2018 or 2019 gross revenue from the Tranche 1 \$30 billion distribution, then the provider may be eligible to receive additional funding up to the 2% calculation.

Total Relief Fund Payments are determined based on the lesser of 2% of a provider's 2018 (or most recent complete tax year) net patient revenue, or the sum of incurred losses for March and April. *Tranche 2 payments are determined by calculating the lesser of 2% of 2018 revenue or March & April losses, minus Tranche 1 funds received.*

If the initial General Distribution payment you received between April 10 and April 17 was determined to be at least 2% of your annual patient revenue, you will not receive additional General Distribution payments.



So that Gottlieb can estimate the total amount you are eligible to receive from Tranche 1 & Tranche 2, please provide us with the following information that you submitted during the Tranche 2 application process:

- Total revenue reported from the tax forms submitted in the Tranche 2 application process
- Reported revenue losses for March and April 2020

Below are some of the key items you are agreeing to by accepting the Tranche 1 & 2 Terms and Conditions:

- The Provider certifies that it billed Medicare in 2019; provides or provided after January 31, 2020 diagnoses, testing, or care for individuals with possible or actual cases of COVID-19; is not currently terminated from participation in Medicare or precluded from receiving payment through Medicare Advantage or Part D; is not currently excluded from participation in Medicare, Medicaid, and other Federal health care programs; and does not currently have Medicare billing privileges revoked.
- The Provider certifies that the Payment will only be used to prevent, prepare for, and respond to coronavirus, and that the Payment shall reimburse the Provider only for health care related expenses or lost revenues that are attributable to coronavirus. **HHS FAQs indicate that these funds may be used for increased healthcare related expenses or lost revenue attributable to COVID-19, so long as those expenses or losses were not reimbursed or eligible for reimbursement from other sources; meaning, you may use the funds to cover expenses such as salaries and other expenses that you cannot otherwise cover due to lost revenue as a result of COVID, and that you have not received subsidy or other reimbursement to cover the lost revenue.** You will be required to submit documents to substantiate the use of funds (exact reporting requirements to be specified in future program instructions).
- For all care for a presumptive or actual case of COVID-19, Provider certifies that it will not seek to collect from the patient out-of-pocket expenses in an amount greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network Provider. **Gottlieb will follow the EOB and determine the appropriate allowed amount and patient responsibility as defined by the patient's insurance carrier.**
- Not later than 10 days after the end of each calendar quarter, any Recipient that is an entity receiving more than \$150,000 total in funds under the Coronavirus Aid, Relief, and Economics Security Act (P.L. 116-136), the Coronavirus Preparedness and Response Supplemental Appropriations Act (P.L. 116-123), the Families First Coronavirus Response Act (P.L. 116-127), or any other Act primarily making appropriations for the coronavirus response and related activities, shall submit to the Secretary and the Pandemic Response Accountability Committee a report. Details of report requirements are available on the Terms & Conditions document.
- **A complete list of the Terms and Conditions you must agree to are available here:**
<https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/terms-conditions/index.html>

HHS has updated its [FAQs](#) related to these relief funds. The FAQs can be viewed here:

<https://www.hhs.gov/sites/default/files/provider-relief-fund-general-distribution-fags.pdf>

Two FAQs discuss the amount of provider relief in tranche 2:

- **How did HHS determine the additional payments under the General Distribution?** (Added 5/14/2020) HHS is distributing an additional \$20 billion of the General Distribution to providers to augment their initial allocation so that \$50 billion is allocated proportional to providers' share of 2018 net patient revenue. The allocation methodology is designed to provide relief to providers, who bill Medicare fee-for-service, with at least 2% of that provider's net patient revenue regardless of the provider's payer mix. **Payments are determined based on the lesser of 2% of a provider's 2018 (or most recent complete tax year) net patient revenue or the sum of incurred losses for March and April.** If the initial General Distribution payment you received between April 10 and April 17 was determined to be at least 2% of your annual patient revenue, you will not receive additional General Distribution payments.



- **How can I estimate 2% of patient revenue to determine my approximate General Distribution payment?** (Added 5/14/2020) In general, providers can estimate payments from the General Distribution of approximately 2% of 2018 (or most recent complete tax year) patient revenue. To estimate your payment, use this equation: $(\text{Individual Provider Revenues} / \$2.5 \text{ Trillion}) \times \$50 \text{ Billion} = \text{Expected Combined General Distribution}$.