Washington State Hospital Association

# Congress Approves $900 billion COVID-19 Relief and Year-end Budget Package

The House of Representatives and Senate last night approved the 5,600-page Consolidated Appropriations Act, 2021. It now goes to the president for his signature. The package includes more than $900 billion in COVID-19 relief as well as $1.4 trillion to fund the federal government through the end of 2021.

Overall, we are pleased with the final version of this bill and it reflects many of WSHA's federal priorities as well as the hard work by the American Hospital Association and WSHA over the past three weeks. Below are highlights from the proposal:

**Provider Relief Fund (PRF).** Includes $3 billion in new funds for the PRF. It also includes helpful changes to the PRF reporting requirements. Specifically, as requested by the AHA, WSHA and others, it would allow providers to use any reasonable method to calculate lost revenue and permit the movement of targeted PRF distributions within their system.

**Medicaid DSH Cuts.** Eliminates the Medicaid disproportionate share hospital (DSH) cuts that were scheduled to go into effect in fiscal year (FY) 2021 and cuts scheduled for FY 2022 and 2023. Additional cuts are added in FY 2026 and 2027.

**Medicare Sequester Cuts.** Eliminates the Medicare sequester cuts through March 31, 2021. The 2 percent cut to all Medicare payments was scheduled to resume on January 1, 2021. Rep. Schrier led an effort in the House to delay these cuts.

**Surprise Medical Billing.** Protects patients from receiving surprise medical bills arising from emergency services provided by out-of-network providers, certain ancillary services provided by out-of-network providers in in-network facilities and inpatient services provided by out-of-network providers in in-network facilities. The provision takes effect January 1, 2022. Patients will be liable only for their in-network cost-sharing amount, and providers and insurers will have an opportunity to negotiate reimbursement. Much like our Washington state law, an independent dispute resolution process will be utilized to resolve payment disputes between providers and health plans. Importantly, it does not include a benchmark reimbursement amount.

**Transparency.** Requires that for certain scheduled services, health plans must provide patients with an "advanced explanation of benefits" based on a "good faith estimate" prepared by the provider. The Advanced EOB must include whether the provider is in-network, the "good faith estimate," an estimate of the amount the patient has incurred toward their cost-sharing limits, prior authorization and other requirements and a disclaimer that this is just an estimate.

**Provider Directories**. Health plans will be required to publish their directories of in-network providers are up to date.

**Vaccines.** Includes about $30 billion to assist with purchasing and administering COVID-19 vaccines.

**COVID-19 Testing and Tracing.** The legislation includes $22 billion that will be sent directly to states for testing, contact tracing and COVID mitigation programs.

**Additional Graduate Medical Education (GME) Residency Slots.** Lifts the cap on Medicare-funded physician

residency positions in teaching hospitals by 1,000, effective in FY 2023. It lifts the cap by 200 positions per year until the slots are filled. **It also gives greater flexibility for hospitals to participate in** Medicare GME Rural Training Tracks (RTT). Also eliminates the penalty on certain hospitals that have hosted "rotator" residents for short periods of time and allows these hospitals to establish new residency programs without a limitation on residency slots.

**Rural Emergency Hospital (REH) Designation.** Establishes a new REH Medicare designation that allows rural hospitals to provide 24/7 emergency services along with other outpatient services, while ceasing inpatient services. REHs will receive a fixed monthly payment plus a 5% add-on to the Medicare outpatient prospective payment system rates for outpatient services. The fixed monthly payment will be 1/12$^{th}$ of the average annual payment CAHs received in excess of the PPS for all services. The fixed amount will be adjusted each year by the hospital market basket update.

**Moratorium on Payment under the Medicare PFS of the Add on Code for Inherently Complex E/M Visits.** The legislation freezes payment until 2024 for G2211: the visit complexity add-on code that CMS finalized in the CY 2020 for physician fee schedule final rule and modified in the CY 2021 PFS final rule. Rep. Kim Schrier was instrumental in drafting this provision.

**Conrad State 30 Program Through FY 2021**. The legislation extends the Conrad State 30 J-1 visa waiver program, which waives the requirement to return home for a period of time if physicians holding J-1 visas agree to stay in the U.S. for three years to practice in a federally designated underserved area.

**Rural Health Clinic Payment Changes** Among other changes, the legislation phases in an increase in the RHC statutory cap over an eight-year period, subjects all new RHCs to a uniform per-visit cap and limits the annual rate of growth for uncapped RHCs whose payments are above the upper limit. Specifically, the policy raises the statutory RHC cap to $100 starting on April 1, 2021, and gradually increases the upper limit each year through 2028, until the cap reaches $190. This brings the RHC upper limit roughly in line with the FQHC Medicare base rate. We have concerns about a discrepancy for dates on RHCs that can be grandfathered in, which we hope can be addressed in a technical fix in the new year.

**Telehealth.** The legislation waives the geographic and originating site requirements for mental health services delivered via telehealth.

**Coronavirus Relief Fund.** The legislation extends the availability of funds provided to states and localities by the Coronavirus Relief Fund through December 2021.

**Child Care.** Provides $10 billion for the Child Care and Developmental Block Grant (CCDGB) program with the intent of both helping the childcare providers remain open, as well as providing care for dependents of essential workers.

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