

January 5, 2021

**ILLINOIS HEALTH AND HOSPITAL ASSOCIATION
M E M O R A N D U M**

SUBJECT: Federal Legislation Signed into Law, Includes Numerous IHA Priorities

On December 28, President Trump signed the Consolidated Appropriations Act (CAA) (H.R. 133) into law. The measure includes funding for the federal government through the 2021 fiscal year, COVID-19 relief, and additional provisions.

IHA worked closely with the Illinois Congressional delegation and the American Hospital Association to help shape this legislation, and we are pleased it contains important hospital and health system priorities, including relief from Medicare and Medicaid cuts, adjustments to Provider Relief Fund (PRF) reporting, support for the healthcare workforce, and patient protections from surprise medical bills.

The CAA includes healthcare policies related to the following:

Provider Relief Fund (PRF)

- Adds \$3 billion to the PRF;
- Provides flexibility for use of PRF payments
 - Providers may determine lost revenues using the June 2020 U.S. Department of Health and Human Services (HHS) FAQs, which allow for a calculation based on budgeted to actual revenue for budgets approved by March 27, 2020;
 - Allows the transfer of PRF distributions, including targeted distributions, within a health system;
- Allows systems to reallocate funds
 - Directs the HHS Secretary to allocate payments for at least 85% of the remaining PRF (including funds recovered from providers) using an application process that considers financial losses and changes in operating expenses.

Workforce

- Adds 1,000 new Medicare-supported graduate medical education (GME) slots beginning in 2023;
- Amends the Medicare GME Rural Training Tracks (RTT) program to provide greater flexibility for rural and urban hospitals that participate in RTT programs;
- Authorizes (until Sept 2021) the Conrad State 30 Waiver program for physicians serving in underserved areas;
- Provides approximately \$3 billion in increased payments for physician services under the Medicare Physician Fee Schedule for 2021; and
- Provides long-term extensions of the National Health Service Corps and teaching health centers programs.

Medicare & Medicaid

- Eliminates 2% Medicare sequester cuts through March 2021;
- Delays implementation of the Medicare radiation oncology model by an additional six months to Jan. 1, 2022;
- Eliminates the Medicaid disproportionate share hospital (DSH) cuts for FY 2021 and delays future cuts through 2023; and
- Adds Medicaid reporting requirements – while the Centers for Medicare & Medicaid Services (CMS) removed its proposed Medicaid Fiscal Accountability Rule from its regulatory calendar, language in the bill will require states to submit additional reports to CMS that highlight the use of Medicaid non-DSH supplemental payments.

COVID-19 Vaccines, Therapeutics, Testing/Tracing

- Provides \$30 billion for the federal government to assist with the purchase and administration of vaccines and treatments, including \$8 billion to the Centers for Disease Control and Prevention (CDC) to plan, prepare for, administer, monitor and track vaccinations and ensure widespread distribution and access. Of the \$8 billion for CDC, \$300 million is targeted to high risk and underserved populations; and
- Provides \$22 billion for testing, tracing, and mitigation, including \$2.5 billion to improve testing and contact tracing in underserved populations.

Access to Healthcare Services

- Creates the Rural Emergency Hospital (REH), allowing critical access hospitals (CAH) or rural hospitals with fewer than 50 beds to convert to an REH and be reimbursed under Medicare prospective payment systems plus an additional monthly facility payment and an add-on payment for hospital outpatient services;
- Provides \$4.25 billion for mental health and expands eligibility for use of telehealth for mental health services;
- Invests approximately \$7 billion to support broadband, including \$300 million to support broadband infrastructure to areas lacking broadband (especially rural areas) and \$250 million to extend the Federal Communications Commission (FCC) COVID-19 Telehealth Program (authorized under the CARES Act); and
- Provides \$3 million for an IHA-supported social determinants pilot grant program at CDC and the creation of the Social Determinants Interagency Council at HHS.

Surprise Medical Billing

- Protects patients from surprise medical bills via several important IHA-supported changes to a previous agreement were included in the final version
 - Payers or plans and providers negotiate reimbursement rather than reliance on a benchmark payment rate to determine out-of-network reimbursement;
 - If negotiations are not productive, permits an independent dispute resolution (IDR) process, such as the one used in Illinois;
 - The bill also includes several other provisions to help patients access care and better understand their provider networks and costs.

The IHA policy team will provide detailed summaries of specific policies affecting Illinois hospitals and health systems in the coming days.

Members of the American Hospital Association may access a special bulletin on the CAA [here](#). A summary of health care provisions prepared by the US House Ways & Means Committee majority is [here](#), and a summary from the minority is [here](#). A summary from the US Energy & Commerce Committee minority is [here](#).

Please send questions and comments to [IHA](#).