AUTOMATIC FEDERAL FISCAL RELIEF

This document provides an overview of the fiscal relief made automatically available to hospitals and health systems through the CARES Act, enacted March 27. A companion resource document identifying federal funding opportunities to assist hospitals needing immediate financial resources, and for which hospitals must apply, is available here. Please see AzHHA’s dedicated COVID-19 webpage for the latest information. View AzHHA’s State Fiscal Relief document here.

Please note: Hospitals may apply for or receive funds from multiple sources, however may not have multiple finance streams pay for the same expenses. AzHHA recommends hospitals closely track their COVID-19 expenses, and the finance stream used to pay for those expenses, using a tool similar to this.

Medicare Hospital Inpatient Prospective Payment System Add-On Payment for COVID-19 Patients during Emergency Period

**Description:** The weighting factor for discharges of Medicare fee-for-service patients with a COVID-19 diagnosis during the COVID-19 emergency period will increase by a factor of 20. (Established in the CARES Act)

**Eligibility:** Inpatient Prospective Payment System (IPPS) hospitals.

**Other:**
- Hospitals must identify COVID-19 discharges by using appropriate diagnosis or condition codes.
- This payment adjustment does not consider budget neutrality requirements.

Adjustment of Sequestration

**Description:** Medicare sequestration reduction will be suspended during the period of May 1 through December 31, 2020. (Established in the CARES Act)

**Eligibility:** All Medicare-enrolled providers currently accepting Medicare payments.

**Other:** The Medicare sequestration required in Section 251A(6) of the Balanced Budget and Emergency Deficit Control Act (BBEDCA) of 1985 will be extended from fiscal year 2029 to fiscal year 2030.
Delay of Payment of Employer Payroll Taxes

**Description:** Allows employers to defer payment of the 6.2% FICA tax, which is applied to wages below $137,700 in 2020. (Established in the CARES Act)
- The delay is available for wages paid March 27 through December 21, 2020.
- Recently released guidance from the Internal Revenue Service is available [here](#).

**Eligibility:** All employers, regardless of type (e.g., for-profit, nonprofit and public/governmental). (Note: Organizations that have received and had a loan forgiven under the Paycheck Protection Program are ineligible.)

**Use of Funds:** There is no requirement on employers related to the use of money saved through this provision.

**Repayment:** 50% of the repayment amount is due by December 31, 2021. The remaining 50% is due by December 31, 2022.

**Application:** There is no requirement to alert the IRS or make an election or get permission.
- Please note that the employment tax system triggers numerous automatic deposit penalty notifications. AzHHA does not know whether these alerts have been reprogrammed, so it is possible hospitals electing to take this option could still receive notices.
- AzHHA recommends: hospitals electing to take this option should be precise about the amount of OASDI and the effective date for the amounts they may defer.

State Hospital Association Cooperative Agreement

**Description:** The US Department of Health and Human Services (HHS) Secretary for Preparedness Response is authorized to distribute $50 million in grants to State Hospital Associations with the direction that funding be used to assist hospitals with COVID 19 preparedness and response.

**Eligibility:** AzHHA has been allocated approximately $850,000 and recently received approval to use funds to procure PPE for hospitals. Priority will be given to AzHHA members.

**Application:** AzHHA is developing a process for allocation of PPE, which must be tracked under the cooperative agreement.
Extension of Work Geographic Index Floor under the Medicare Program

**Description:** The Work Geographic Index Floor will be extended through December 2020, allowing HHS to provide larger payments to physicians in areas that have labor costs lower than the national average. (Established in the CARES Act)

**Eligible providers:** Physicians working in areas eligible for the Work Geographic Index Floor.

Delay in Medicaid Disproportionate Share Hospital Reductions

**Description:** Medicaid Disproportionate Share Hospital (DSH) allotment reductions will be delayed until December 1, 2020 through September 30, 2021. (Established in the CARES Act)

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Sources:
https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf