

## Healthcare Law Alert: CMS Suspends Advance Payments Program & HHS Opens Application Portal for Second Provider Relief Payment

*April 28, 2020*

### **CMS Suspends Advance Payments Program**

The Centers for Medicare and Medicaid Services (CMS) announced on April 26, 2020 that it has suspended the Advance Payments Program to Part B providers and is reevaluating the Accelerated Payments Program to hospitals. Thus, no new applications under the Advance Payments Program will now be accepted. CMS explained that the decision was made in light of the \$100 billion in provider relief payments being distributed by the Department of Health and Human Services (HHS) and the \$75 billion being distributed to hospitals under the Paycheck Protection Program and Health Care Enhancement Act.

The Advance Payments Program had allowed providers to apply for expedited Medicare payments, as a loan to be recouped against future claims, to augment cash flow during the COVID-19 pandemic.

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### **HHS Opens Application Portal for Second Provider Relief Payment**

The Department of Health and Human Services (HHS) has opened the “General Distribution” portal for providers to apply for the second round of provider relief payments, as discussed in our [April 24, 2020 Healthcare Law Alert](#). This second payment is again a grant, not a loan. HHS refers to the two rounds of payments as the General Distribution of the first \$50 billion of the \$100 billion of CARES Act funding for providers. The General Distribution portal is accessible from the [HHS provider relief page](#) or can be found directly [here](#).

Unlike the first go-round, to receive a second relief payment, providers must apply for the funds as described below. However, providers are eligible for this payment only if they received the first grant payment prior to April 24th and if they filed a tax return in 2017, 2018, or 2019.

Once in the application portal, providers must first enter the TIN, amount of the first payment, and the bank account number to which the first payment was deposited in order for the first payment to be verified. The following are the remaining application steps:

- Select the provider’s tax classification from a list of options (i.e., sole proprietor/disregarded entity (LLC), C Corporation, S Corporation, Partnership, Trust, or Tax-Exempt).
- Enter the amount of “Gross Receipts or Sales” or “Program Service Revenue” from their most recent tax filing, (i.e., from Form 1040-Box 1 of Schedule C, from Form 1065-Box 1a, etc.).
- Provide estimates of lost revenue for March and April 2020 due to COVID-19. Lost revenue can be estimated by comparing year-over-year revenue, or by comparing budgeted revenue to actual revenue. For April 2020, an estimate of the total monthly loss based on data from the first few weeks in April or by extrapolation from March data is acceptable. HHS is collecting the estimated revenue loss information in order to understand the impact of COVID-19.
- Upload the most recent IRS tax filing (2017, 2018, or 2019). This is for HHS to verify the self-reported information.
- Provide a listing of all TINs of any of the provider’s subsidiary organizations that have received relief funds but that do not file separate tax returns. Each entity that files a Federal income tax return is required to file an application even if it is part of a provider group. For a group of corporations that files one consolidated return, only the tax return filer may

submit an application. HHS explains that they are collecting this information so that HHS does not overpay or underpay providers that file tax returns covering multiple legal entities in consolidated tax returns.

HHS does not provide a formula or explanation for how it will calculate the amount of money a provider will receive, except to say that “HHS will apportion relief funds to US healthcare providers with the intention of optimizing the beneficial impact of the funds.”

HHS anticipates that payments will be disbursed ten business days after submission of the application.

Providers who did not receive the first grant payment before April 24th are ineligible to apply for this second round of funding but might be eligible for one or more of the future Targeted Distributions, including hospitals in COVID-19 high-impact areas, providers who treated uninsured COVID-19 patients, rural health clinics and hospitals, Indian Health Service facilities, skilled nursing facilities, dentists, and providers that solely take Medicaid. We will provide an update on further details of the Targeted Distribution funds once they are disclosed by HHS.

HHS is not taking direct inquiries from providers regarding this second round of payments, and no remedy or appeals process will be available. An FAQ regarding the General Distribution portal can be found on the [HHS website](#).

If you have any questions about these alerts or any other Healthcare Law issue, please contact:

**John D. Fanburg**, Managing Member and Chair, [Healthcare Law](#), at 973-403-3107 or [jfanburg@bracheichler.com](mailto:jfanburg@bracheichler.com)

**Joseph M. Gorrell**, Member, [Healthcare Law](#), at 973-403-3112 or [jgorrell@bracheichler.com](mailto:jgorrell@bracheichler.com)

**Carol Grelecki**, Member, [Healthcare Law](#), at 973-403-3140 or [cgrelecki@bracheichler.com](mailto:cgrelecki@bracheichler.com)

**Susan E. Frankel**, Associate, [Healthcare Law](#), at 973-364-5209 or [sfrankel@bracheichler.com](mailto:sfrankel@bracheichler.com)