June 10, 2020

Financial Relief and Payment Policy Update

MENU: Medicaid Relief | Paycheck Protection Program | Visit volume rebounds & telehealth claims soar

By Jarrod Fowler, MHA
FMA Director of Health Care Policy & Innovation

Long-Awaited Relief Now Available to Medicaid Physicians

Since the passage of the CARES Act, the U.S. Department of Health and Human Services (HHS) has distributed $50 billion dollars through a "General Distribution" fund to physician practices across the nation. As a result, most physician practices received payments equal to at least 2 percent of their gross revenue from 2018. However, as a condition of eligibility, physicians were required to have billed Medicare Part B in the year 2019.

This eligibility requirement had the grossly unfair effect of excluding many pediatricians and other Medicaid-dependent physicians who do not generally bill Medicare Part B.

On the morning of June 9, HHS announced that relief was finally on its way to Medicaid physicians who previously had not qualified for funding.

Specifically, HHS announced that effective Wednesday, June 10, a new "enhanced" Provider Relief Fund Payment Portal will open to eligible Medicaid and CHIP physicians. Using this portal, physicians will submit their annual patient revenue, which will be used as a factor in determining their Provider Relief Fund payment.

The payment to each provider will be at least 2 percent of reported gross revenue from patient care. The final amount each provider receives will be determined after the data is submitted, including information about the number of Medicaid patients served.

To be eligible for this funding, health care physicians must not have received payments from the $50 billion Provider Relief Fund General Distribution and either have directly billed their state Medicaid/CHIP programs or Medicaid managed care plans for healthcare-related services between January 1, 2018, and May 31, 2020. HHS estimates that close to one million healthcare physicians may be eligible for this funding.

Please note that HHS will require Medicaid physicians to accept certain terms and conditions to receive these funds. We encourage our members to carefully review these requirements.

More information about eligibility and the application process is available here on the HHS website.

Changes to the Paycheck Protection Program signed into law

On June 5, President Trump signed the Paycheck Protection Program Flexibility Act (PPPFA) into law. Several changes included in the bill were aimed at making it easier for borrowers to meet the requirements to have their loans forgiven. Among other things, the legislation:

- Extends the "covered period" defining the amount of time a business has to spend the proceeds of its loan to qualify for forgiveness from eight weeks to 24 weeks, or until December 31, 2020, and;
- Reduces the proportion of the loan that must be spent on eligible payroll costs from 75 percent to 60 percent. In turn, the proportion of the loan that may be used on eligible non-payroll expenses will rise from 25percent to 40 percent.

More information from the Administrator of the U.S. Small Business Administration and the Secretary of the U.S. Treasury concerning this legislation and its forthcoming implementation is available here.

The FMA encourages its members to contact their CPAs and lenders to learn how the changes included in the Act may affect their practices.

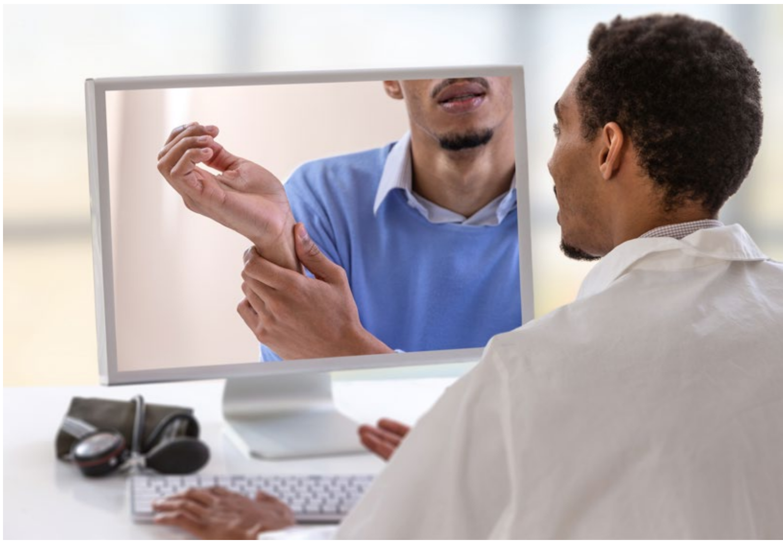
Ambulatory visit volume gradually rebounds; telehealth claims soar amid pandemic

According to the FAIR Health database, one of the nation's largest and most trusted payor claims databases, telehealth claims volume increased an incredible 4,346.94 percent between March 2019 and March 2020, the latest month for which data is available.

During the month of March 2019, telehealth services constituted .17 percent of claims volume. In March 2020, telehealth services constituted 7.52 percent of volume. Click here to see the data and corresponding infographics.

In another recent analysis, The Commonwealth Fund found that service visits to physician practices have gradually rebounded since the onset of the pandemic. Using the first week of March as a baseline period, the authors found that ambulatory practice visits declined by nearly 60 percent by early April. By May 10, the number of ambulatory visits was 31 percent lower than before the pandemic.

The data shows that telehealth played an important role in this recovery. Were it not for the rising use of telehealth services, visit volume would remain down 44 percent instead of 31 percent.



While the overall rebound in ambulatory visits is welcome news, the remaining 31-percent average reduction in ambulatory visits is still extraordinarily troublesome. Physician practices, like most businesses generally, frequently operate on tight margins and cannot sustain such an enormous reduction in revenue over a prolonged period. More concerning still, the data implies that millions of patients are continuing to forgo medically necessary care.

Moreover, the impact of the pandemic has not been uniform across specialties. The data suggests that pediatricians and procedural specialists generally have witnessed a slower-than-average recovery relative to nonprocedural specialists and adult primary care physicians. No specialties included in the study have rebounded to baseline levels.

Ultimately, the data shows the need for the continuation and expansion of economic relief programs aimed at ensuring physician practices' viability during and beyond this pandemic.