

Oct. 7, 2021

MEDICAID ALERT

TO: All Providers

SUBJECT: Additional Medicaid Provider Relief Funding Available from U.S. Department of Health and Human Services

The U.S. Department of Health and Human Services (HHS) is distributing an additional \$25.5 billion in provider relief funds (PRF Phase 4) to eligible Medicaid and Children's Health Insurance Program (CHIP) providers who participate in state Medicaid and CHIP programs, including the South Carolina Healthy Connections Medicaid program.

Consistent with the requirements included in the Coronavirus Response and Relief Supplemental Appropriations Act of 2020, PRF Phase 4 payments will be based on providers' lost revenues and expenditures between July 1, 2020, and March 31, 2021. In its announcement, HHS stated it would reimburse smaller providers for their lost revenues and COVID-19 expenses at a higher rate compared to larger providers. PRF Phase 4 will also include bonus payments for providers who serve Medicaid, CHIP, and/or Medicare patients. The Health Resources and Services Administration (HRSA) will price these bonus payments at the Medicare rates.

Similarly, HRSA will make American Rescue Plan Act (ARP) rural payments to providers based on the amount of Medicaid, CHIP and/or Medicare services they provide to patients who live in rural areas as defined by the HHS Federal Office of Rural Health Policy. HHS' ARP rural payments will also generally be based on Medicare reimbursement rates.

Providers will apply for both programs in a single application. HRSA will use existing Medicaid, CHIP and Medicare claims data in calculating payments. **The application portal is now open.** The application period will close on Oct. 26, 2021, at 11:59 p.m. ET. Applications must undergo a number of validation checks before financial information is submitted so providers are encouraged to begin their application as soon as possible to ensure they are able to meet the deadline. To help ensure these provider relief funds are used for patient care, PRF recipients will be required to notify HHS of any merger with, or acquisition of, another health care provider during the period in which they can use the payments. Providers who report a merger or acquisition may be more likely to be audited by HHS to confirm their funds were used for COVID-19-related costs.

HHS also announced a final 60-day grace period to help providers come into compliance with their PRF reporting requirements if they failed to meet the deadline on Sept. 30, 2021, for the first PRF reporting time period. While the deadlines to use funds and the reporting time period have not changed, HHS will not initiate collection activities or similar enforcement actions for noncompliant providers during this grace period.

More information about eligibility and the application process for HHS PRF and ARP rural funds is [available on HHS' website](#). HHS' Provider Relief Fund Payment Portal is also [available on HHS' website](#). More information is also available in HHS' announcement of the additional funds described above, which can be viewed [here](#).

Thank you for your continued support of the South Carolina Healthy Connections Medicaid program.