

February 27, 2021

House Approves \$1.9 Trillion COVID-19 Relief Reconciliation Bill with Provisions Affecting Hospitals and Health Systems

Further revisions expected as action moves to the Senate

The House of Representatives early this morning voted 219-212 to approve a [modified version](#) of the [American Rescue Plan Act of 2021](#), legislation to provide reconciliation protection for a roughly \$1.9 trillion COVID-19 relief package, which includes a number of provisions that affect hospitals and health systems.

The Senate will take up the legislation and amend it with its own COVID-19 reconciliation bill as soon as next week. Congress hopes to enact the legislation by mid-March.

The House bill would expand subsidies for certain forms of health care coverage and includes provisions to bolster the nation's COVID-19 health care response with additional resources for vaccines, treatment, personal protective equipment, testing, contact tracing and workforce development. Other health care-related provisions would provide funding to the Department of Labor for worker protection activities.

Other non-health care specific provisions would provide financial support for families and small businesses, as well as extend and expand support for housing, child care, food and the education system.

A summary of provisions important to hospitals and health systems follows.

SUMMARY OF PROVISIONS IMPORTANT TO HOSPITALS AND HEALTH SYSTEMS

Vaccines and Testing. The bill includes a number of provisions to improve the nation's vaccine and testing capacity. It would allocate \$10 billion for the purposes of carrying out activities under the Defense Production Act. Specifically, the funding would be used for the manufacturing and procurement of medical supplies and equipment related to combatting the COVID-19 pandemic, including diagnostic products, personal protective equipment (PPE), drugs, medical devices and biological products.

It also would allocate more than \$70 billion for COVID-19 vaccine, testing and workforce efforts. Specifically, more than \$15 billion is geared toward enhancing, expanding and

improving the nationwide distribution and administration of vaccines by supporting efforts such as increasing access, especially in underserved communities, increasing vaccine confidence and funding the research, development, manufacturing and procurement of vaccines, therapeutics and other ancillary supplies. The bill further assigns \$6 billion for the research, development, manufacturing, production and purchasing of vaccines, therapeutics and other ancillary products.

With respect to testing, the bill would allocate \$47.8 billion to continue implementation of an evidence-based national testing strategy with a focus on components such as detection, diagnosis, tracing and monitoring. Further, \$1.75 billion would be directed to support genomic sequencing and surveillance initiatives.

Health Care Coverage. The bill would make changes to a number of health care coverage programs to expand eligibility and increase federal financial support for coverage.

- **Medicaid.** The bill would make several changes to Medicaid financing and eligibility rules in order to increase access to coverage. Specifically, the bill would give states, for seven years, the option to extend Medicaid and Children's Health Insurance Program (CHIP) eligibility to women for 12 months postpartum.

The bill also would provide an incentive for states that have not already done so to expand Medicaid by temporarily increasing the state's Federal Medical Assistance Percentage (FMAP) for the base program by 5 percentage points for two years. Such states would be required to maintain coverage levels to access the FMAP increase.

- **Temporary Expansion of Health Insurance Marketplace Subsidies.** The bill would further reduce the cost of Marketplace coverage for all subsidy-eligible individuals and families by increasing the dollar value of the premium tax credit subsidies. For example, individuals making between 100% and 150% of the federal poverty level (FPL) would not pay anything in Marketplace premiums. In addition, the bill would expand eligibility for the tax credit subsidies to more individuals. Specifically, the legislation would make eligible more households above 400% FPL, the current maximum eligibility threshold. These changes would be temporary and in effect for tax years 2021 and 2022.

In a separate section, the legislation would newly make eligible for marketplace coverage individuals who receive unemployment compensation during 2021.

- **Employer-sponsored Coverage through COBRA.** The bill would provide federal subsidies valued at 85% of the health insurance premium for eligible individuals and families to remain on their employer-based coverage. This provision would remain in effect until Sept. 30, 2021.

Temporary Increase in Medicaid Disproportionate Share Hospital (DSH) Financing.

The bill would address an unintended consequence of the temporary increase in the FMAP for state DSH contributions. Specifically, it would require that the Centers for Medicare & Medicaid Services recalculate the annual DSH allotments for any year the temporary COVID-19-related FMAP increase applies to ensure that the total DSH payments a state would make (including federal and state shares) is equal to the DSH payment amount the state would have made in the absence of the temporary FMAP increase. This DSH allotment recalculation is retroactive to coincide with the temporary FMAP increase that was initiated last year and would end at the beginning of the fiscal year after the public health emergency (PHE) has ended.

Coverage of Vaccines for Medicaid and CHIP Beneficiaries. The bill would require Medicaid and CHIP coverage of COVID-19 vaccines and treatment without beneficiary cost sharing. Vaccines costs would be matched at a 100% FMAP until one year after the end of the PHE. States also have the option to provide coverage to the uninsured for COVID-19 vaccines and treatment without cost sharing at 100% FMAP.

Mental Health and Substance Use Disorders. The bill would allocate \$3.5 billion for block grants addressing mental health and substance use disorders. Several million more would be allocated for grants addressing behavioral health disorders in the health care workforce, community-driven overdose prevention and harm reduction and other behavioral health needs, and \$100 million for behavioral health workforce education and training.

Public Health Workforce. The bill would provide the Department of Health and Human Services (HHS) with nearly \$9.1 billion in public health workforce-related support. This includes \$7.66 billion for establishing, expanding and sustaining the public health workforce, including by making awards to state, local and territorial public health departments. Public health departments may use awarded funds to hire staff and procure needed equipment (including PPE), technology, and other supplies to support public health efforts. The legislation also includes \$100 million for the Medical Reserve Corps, \$800 million for the National Health Service Corps, \$200 million for the Nurse Corps, and \$330 million for teaching health centers that operate graduate medical education.

Skilled Nursing Facilities (SNFs). The bill would provide \$450 million to support SNFs in protecting against COVID-19, \$200 million for the development and dissemination of COVID-19 prevention protocols in conjunction with quality improvement organizations and \$250 million to states and territories to deploy strike teams that can assist SNFs experiencing COVID-19 outbreaks.

Occupational Safety and Health Administration (OSHA). The bill allocates not less than \$75 million for OSHA, of which \$10 million is for Susan Harwood training grants and not less than \$5 million is for enforcement activities related to COVID-19 at high-risk workplaces, including health care, meat and poultry processing facilities, agricultural work places and correctional facilities.

Rural Health Care Grants. This bill would provide \$500 million to the Department of Agriculture to award grants to eligible entities, including certain rural hospitals, based on needs related to the COVID-19 pandemic. Awardees may use the grant to cover COVID-19-related expenses and lost revenue to maintain capacity, such as increasing capacity for vaccine distribution or telehealth capabilities.

Child Care Provisions. The bill includes a number of provisions to increase access to child care, including an additional \$15 billion through Sept. 30, 2021 for the Child Care and Development Block Grant that could be used specifically for health care and other front-line workers, regardless of income.

Paid Family and Medical Leave. The bill would reinstate until Sept. 30, 2021 the mandatory paid family and medical leave provisions that were established by the Families First Coronavirus Response Act but that had expired on Dec. 31, 2020. It also would extend eligibility to additional self-employed workers and increase the total value of the new family leave provisions to \$12,000, among other provisions.

Funding for State, Local, Territorial and Tribal Governments. The bill would provide an additional \$350 billion for states, territories, and Tribal governments to mitigate the fiscal effects stemming from the public health emergency.

Paycheck Protection Program (PPP). The bill would modify the PPP to clarify that the Small Business Administration affiliation rules would not apply to certain applicants. Specifically, 501(c)(3) organizations that employ not more than 500 employees per physical location of the organization would become eligible for the program. The bill also would provide an additional \$7.25 billion for the program.

Single-Employer Pension Plan Provisions. The bill would stabilize interest rates at historical norms and allow for a more reasonable amortization timetable.

FURTHER QUESTIONS

If you have questions, please contact AHA at 800-424-4301.