

The CARES Act and the Healthcare Industry

Written By **Leigh A. Wilkinson** (law@wardandsmith.com)

March 27, 2020



This week, the U.S. Senate passed the 'Coronavirus Aid, Relief, and Economic Security Act' (the 'CARES Act') to respond to the COVID-19 crisis.

The House is set to vote on Friday, and the passage of the CARES Act appears imminent. As Joanne Badr Morgan and Lee Hodge shared yesterday, the CARES Act provides expanded loan programs and tax relief for many small businesses. This article will focus on the provisions of the

CARES Act that impact the healthcare industry.

[Ed. Note: The CARES Act was signed into law on March 27, 2020.]

The CARES Act includes a number of provisions to help the healthcare warriors on the front lines of the war against COVID-19. While applauding these efforts, the American Hospital Association has already stated that more will be needed to address the unprecedented challenge facing our healthcare providers and systems. As the pandemic continues, we expect to see additional legislation to address immediate concerns, as well as a myriad of new issues that may arise.

The CARES Act allocates \$100 billion to a fund created to address the financial impact faced by healthcare providers due to additional expenses incurred or revenue losses directly attributable to COVID-19. The fund will be administered by the U.S. Department of Health and Human Services, and no details on how funds will be disbursed currently are available.

The CARES Act also allocates \$27 billion to fund developing vaccines, purchasing vaccines and supplies, and increasing access to telehealth services.

The CARES Act eliminates a 2% reduction in Medicare payments (resulting from 2011 and 2013 federal budget acts) from May 1 until December 31, 2020, and in essence, adds 20% to all payments to hospitals for services provided to patients admitted with COVID-19. It also eliminates co-payments for Part B Medicare patients for COVID-19 testing and future vaccinations.

Expansion of the types of acceptable diagnostic tests for COVID-19 and the payment for them is covered in the CARES Act, including a directive to private health insurers to cover the new tests.

In addition to the immediate issues affecting the healthcare industry during the COVID-19 pandemic, the CARES Act addresses longer-term issues, such as making the disclosure of substance use disorder records

consistent with the Health Insurance Portability and Accountability Act, expanding telehealth access in rural areas, and modernizing the regulatory system for the approval of over-the-counter drugs.

--

© 2024 Ward and Smith, P.A. For further information regarding the issues described above, please contact Leigh A. Wilkinson.

This article is not intended to give, and should not be relied upon for, legal advice in any particular circumstance or fact situation. No action should be taken in reliance upon the information contained in this article without obtaining the advice of an attorney.

We are your established legal network with offices in Asheville, Greenville, New Bern, Raleigh, and Wilmington, NC.