CLIENT ALERTS & INSIGHTS

Consolidated Appropriations Act of 2021 Provides Additional Relief to the Healthcare Industry

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On December 21, 2020, Congress passed the Consolidated Appropriations Act of 2021 (CRA), which combines a $1.4 trillion omnibus government spending bill with a $900 billion COVID-19 relief package. The massive bill, which was signed by President Trump on December 27, 2020, provides additional COVID-19 relief in several key areas impacting healthcare providers and payors alike, including the following:

- **Adjustment to Medicare Physician Fee Schedule.** The CRA provides a one-time increase to the Medicare physician fee schedule of 3.75% from January 1, 2021 to January 1, 2022 in order to support physicians and other professionals providing care during the COVID-19 public health emergency.
- **Extension of Temporary Suspension of Medicare Sequestration.** The CRA extends the temporary suspension of the Medicare sequestration from December 31, 2020 to March 31, 2021.
- **Extension of the work geographic index floor under the Medicare program.** The CRA increases payments for the work component of physician fees in areas where the labor cost is determined to be lower than the national average through December 31, 2023.
- **Public Health and Social Services Emergency Fund**. The CRA includes $25.4 billion to support testing and contact tracing to effectively monitor and suppress COVID-19, as well as to reimburse for healthcare-related expenses or lost revenue attributable to the coronavirus, including:
  - $22.4 billion for testing, contact tracing, and other activities necessary to monitor and suppress COVID-19, including $2.5 billion for a targeted effort to improve testing capabilities and contact tracing in high-risk and underserved populations.
  - $3 billion in additional grants for hospital and healthcare providers to be reimbursed for healthcare-related expenses or lost revenue directly attributable to the COVID-19 public health emergency. The CRA clarifies that providers can calculate lost revenue for the PRF (Provider Relief Fund) reporting requirements using the Frequently Asked Questions guidance released by the Department of Health and Human Services in June 2020.

- **Consumer Relief from Surprise Medical Bills**. The CRA also contains significant new rules to protect consumers from surprise medical bills after receiving treatment from out-of-network providers. The CRA limits the amount that such providers may bill for out-of-network services to a fee based on in-network charges. The amount consumers pay for out-of-network services would be credited toward their in-network annual deductible. Insurers and providers would submit billing disputes to an independent dispute resolution process that would follow certain guidelines. The main provisions of the surprise medical bill legislation become effective January 1, 2022.

Please contact one of the authors below or a member of the Benesch Healthcare+ Practice Group if you have questions regarding information contained in this Client Alert.

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Please note that this information is current as of the date of this Client Alert, based on the available data. However, because COVID-19's status and updates related to the same are ongoing, we recommend real-time review of guidance distributed by the CDC and local officials.

