

Payment Protection Program and Health Care Enhancement Act of 2020

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May 5, 2020 | 2020-R-0142

Issue

Provide a brief summary of provisions in the federal Payment Protection Program and Health Care Enhancement Act ([P.L. 116-139](#)) on health care provider funding and COVID-19 testing.

Summary

On April 24, 2020, the president signed into law the Payment Protection Program and Health Care Enhancement Act of 2020 ([P.L. 116-139](#)). The new law amends the Coronavirus Aid, Relief, and Economic Security Act (CARES Act, [P.L. 116-136](#)) enacted by Congress on March 27, 2020, to authorize additional funding as follows:

1. \$321 billion for the federal Paycheck Protection Program that provides economic injury disaster loans and emergency grants to small businesses under the CARES Act,
2. \$75 billion for hospital and health care provider economic recovery, and
3. \$25 billion for COVID-19 testing.

Health Care Provider Funding

[P.L. 116-139](#) appropriates an additional \$75 billion to the Department of Health and Human Services (HHS) Public Health and Social Services Emergency Fund (“relief fund”). The relief fund, which was initially appropriated \$100 billion under the CARES Act, reimburses eligible health care providers for health care expenses or lost revenue attributable to the COVID-19 pandemic.

As under the CARES Act, “eligible health care providers” include Medicare- and Medicaid-enrolled providers and suppliers, public entities, and other for-profit or nonprofit entities (e.g., hospitals and long-term care facilities) that diagnose, test, or treat patients with potential or actual COVID-19 infections. Providers cannot use relief funds to reimburse expenses or losses that are eligible for reimbursement from other sources.

The HHS Secretary has broad discretion in reviewing provider applications to determine which are eligible for payments from the fund. Fund recipients must document and report to the HHS Secretary to ensure compliance with the law ([P.L. 116-139](#), Division B, Title 1).

COVID-19 Testing

[P.L. 116-139](#) appropriates an additional \$25 billion to the HHS relief fund to cover necessary expenses to research, develop, validate, manufacture, purchase, administer, and expand COVID-19 testing capacity. These funds may be used for (1) tests for both active infections and prior exposure (i.e., antibody testing); (2) manufacturing, procuring, and distributing these tests; and (3) testing supplies needed to administer the tests, such as personal protective equipment.

The new law allocates \$11 billion of this funding directly to states, localities, territories, tribes, tribal organizations, and urban Indian health organizations. It further allocates this amount as follows:

1. at least \$2 billion to states directly, based on an allocation formula established under the CARES Act;
2. at least \$4.25 billion to state and local governments based on their relative number of COVID-19 cases; and
3. at least \$750 million to tribes, tribal organizations, and Indian health organizations ([P.L. 116-139](#), Division B, Title 1).

It also requires the entities receiving funds to submit to the HHS Secretary a COVID-19 testing plan, including goals for the remainder of 2020, that specifies (1) the number of tests needed monthly; (2) monthly estimates of laboratory and testing capacity; and (3) a description of how the state, locality, territory, or tribe will use its resources for testing and mitigating the spread of COVID-19.

Additionally, the new law allocates the following amounts to specified government agencies:

1. \$1 billion to the federal Centers for Disease Control and Prevention for COVID-19 surveillance activities;
2. \$1.8 billion to the National Institutes for Health for COVID-19 testing development;

3. \$1 billion to the Biomedical Advanced Research and Development Authority for COVID-19 testing and diagnostics;
4. \$22 million to the federal Food and Drug Administration for activities related to COVID-19 testing and diagnostics;
5. \$825 million to community health centers and rural health clinics; and
6. \$1 billion to cover the cost of testing the uninsured.

[PL 116-139](#) requires the HHS Secretary, in coordination with other appropriate departments and agencies, to report monthly on COVID-19 testing to the (1) House and Senate Appropriations committees; (2) House Energy and Commerce committee; and (3) Senate Health, Education, Labor and Pensions committee. The report must include, among other things, demographic data on individuals tested for or diagnosed with COVID-19 and the number and rate of cases, hospitalizations, and deaths due to the illness ([P.L. 116-139](#), Division B, Title 1).

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