Insight

How the CARES Act Responds to the COVID-19 Public Health Crisis

CHRISTOPHER HOLT | MARCH 26, 2020

Executive Summary

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act contains myriad health policy provisions and $140.4 billion in funding for the Department of Health and Human Services (HHS).
- The health provisions in CARES can best be understood as falling into three buckets: those directly related to the current pandemic; those indirectly related to the current pandemic or aimed at future preparedness; and those that are almost entirely unrelated to the current pandemic.
- Of the funds provided in CARES, $100 billion is specifically designated for shoring up hospitals and other providers, but the distribution of the funds is left entirely to the discretion of the HHS Secretary, and it is unclear how quickly HHS will be able to push out these funds.

Introduction

Amid the flurry of provisions aimed at keeping the U.S. economy afloat (tax, unemployment insurance, student loans, financial services), the Coronavirus Aid, Relief, and Economic Security (CARES) Act does in fact take aim at the underlying public health impact of the COVID-19 pandemic. CARES contains myriad health provisions, some directly relevant to the current pandemic—$100 billion specifically to hospitals, for example—and others somewhat less focused on the current crisis, such as changes to 42 CFR Part 2 regulations governing the disclosure of patient records related to substance use disorders. CARES' health provisions fall into three general categories: (1) those directly related to the immediate public health crisis, (2) those indirectly related to this or a future public health crisis, and (3) those provisions that are mostly unrelated to anything happening right now. A brief summary of some of the major provisions in each category follows.

Direct COVID-19 Responses

The CARES Act provides $140.4 billion for the Department of Health and Human Services (HHS), including $127 billion specifically for emergency public health and social services funding. Most of the funding provided here is directly connected to the current pandemic. Major items include the following.

A Marshall Plan for Hospitals

The lion's share of this funding, $100 billion, is designed to keep health providers afloat during the pandemic—Senator Chuck Schumer's so-called "Marshall Plan for hospitals." Substantively, there isn't a notable difference between these funds and provisions in the legislation aimed at keeping other industries in

business over the course of the pandemic. Unfortunately, there isn't much detail in the legislative text regarding this $100 billion or how it will be dispersed. The text says that the funds should be dispersed through grants "or other mechanisms" to specified providers, or any other providers at the HHS secretary's discretion. The only substantive restriction is that recipients need to be directly engaged in diagnosing or treating "possible or actual cases of COVID-19." The secretary will have to report to Congress every 60 days on the use of funds, and an audit of the spending is required within three years. It remains to be seen how quickly and effectively HHS will be able push put these dollars to hospitals and other providers.

Restocking the Strategic Stockpile

The CARES Act also provides $16 billion specifically for the Strategic Stockpile. While the bill text broadly limits funding in this section to responding to the current crisis, it doesn't provide any specific detail on the use of these funds. Summary documents, however, indicate the purpose is to procure protective gear for providers, ventilators, and other medical supplies necessary for treatment and prevention of COVID-19.

Vaccine and Diagnostic Funding

The CARES Act includes a number of allocations aimed at accelerating COVID-19 related diagnostics, treatments, and vaccines, including $3.5 billion to the Biomedical Advanced Research and Development Authority (BARDA) for the manufacturing, production, and purchase of vaccines, diagnostics, and treatments. BARDA works with pharmaceutical companies to finance and accelerate the market entrance of necessary vaccines and treatments (as discussed in this recent AAF Weekly Checkup). CARES also provides $945.5 million specifically for National Institutes of Health research into vaccines, treatments, and diagnostics related COVID-19.

Centers for Disease Control and Prevention

The CARES Act provides $4.3 billion to the Centers for Disease Control and Prevention (CDC) for activities related to the ongoing pandemic. This money, however, is available through September 2024 and is not exclusively dedicated to immediate response. $1.5 billion of this funding is directed toward grants and cooperative agreements with states, localities, territories, and tribal governments aimed at "surveillance, epidemiology, laboratory capacity, infection control, mitigation, communications, and other preparedness and response activities."

Community Health Centers

The CARES Act specifically provides $1.32 billion to community health centers for the detection of the novel coronavirus and the diagnosis, prevention, and treatment of the resulting disease, COVID-19.

Medicare Provisions

The CARES Act includes a number of Medicare policies related to COVID-19, including lifting the 2 percent sequester on all Medicare payments from May 1 through the end of 2020 and extending the sequester an additional year. The aim is to provide an immediate bump in funds to providers during the pandemic. The bill also includes a COVID-19 add-on payment of 20 percent for inpatient hospital care for a patient with COVID-19.

Additionally, CARES eliminates Medicare Part B's cost-sharing requirements for COVID-19 testing and any future COVID-19 vaccine, and requires prescription drug plans to provide 90-day supplies of medication upon request during the public health emergency, among other provisions.

Medicaid Provisions

Finally, CARES allows states to offer coverage for COVID-19 testing and related services to uninsured individuals through the Medicaid program regardless of eligibility without cost-sharing.

COVID-19 Related Programs and Funding

Not all the actions in CARES are directly related to the current crisis; some are aimed at future pandemic preparedness, and others are broader policy changes that have connections to the current situation.

Additional Hospital Preparedness Funding

The CARES Act provides $250 million for grants through the Hospital Preparedness Fund for the purpose of responding to medical events broadly. These are unlikely to come directly into play in the short-term but could help with long-term preparedness.

Centers for Disease Control and Prevention

As discussed above, not all of the $4.3 billion allocated to the CDC is targeted toward the immediate pandemic. For example, $500 million is specifically allocated to improving state and local public health data infrastructure, which is unlikely to come online in the short-term but could prove valuable during future public health emergencies.

Substance Abuse and Mental Health Implications

Included in CARES are provisions related to mental health and substance abuse treatment stemming from the ongoing pandemic, including an allocation of $425 million to the Substance Abuse and Mental Health Services Administration to this end.

Telehealth Services

The CARES Act contains numerous provisions expanding telehealth services during the current pandemic, and in some cases beyond. CARES would allow high deductible health plans paired with a health savings account to fully cover telehealth services even if a patient has not met their annual deductible. During the official COVID-19 emergency declaration, CARES allows for substantial expansion of telehealth services in Medicare to things normally required to be conducted in person, such as hospice recertification and periodic evaluations of dialysis patients, and would allow Federally Qualified Health Centers and Rural Health Clinics to serve as distant sites for telehealth consultants and receive reimbursement for the service provided. As Medicare opens its doors to expanded telehealth services, it will be worth watching the long-term effect. It is conceivable that expanded use of telehealth during the pandemic will be extended after it has concluded.

CARES Health Provisions Unrelated to COVID-19

Like any large piece of congressional legislation, CARES contains a substantial number of provisions that require some degree of suspension of disbelief to connect with the bill's primary aim. For example, included in CARES are extensions of multiple health care programs that were set to expire in May of this year. These "extenders" are part of Congress' annual appropriations process, and do not relate directly to the pandemic. The decision to extend them in CARES negates the need for Congress to return in May to address them and removes the only outstanding piece of "must pass" legislation before the fall.

Additionally, CARES includes reauthorizations of a number of health programs many of which had not been formally reauthorized in years. These include telehealth network and telehealth resource centers grants, several rural health grant programs, modernization of the Public Health Service, and several health workforce development programs. Also, not to be missed are substantive changes in how the Food and Drug Administration regulates over-the-counter medication (i.e., medications not requiring a prescription).

Conclusion

The primary aim of the CARES Act's health policy provisions is to immediately bolster the financial and equipment resources available to health professionals as they work to stem the ongoing public health crisis in the United States. To that end, the legislation allocates substantial amounts of money, but the bill does not provide detail on how much of those funds will be distributed, raising questions about how quickly HHS will be able to push out the funding.

Additionally, like most exercises in crisis legislating, CARES contains a broad assortment of provisions that are either only indirectly related to COVID-19 or entirely extraneous. Fortunately, though some provisions likely did not merit inclusion in this package, Congress does not appear to have taken advantage of this fast-moving emergency response to include any health policies that are especially egregious.