

# American Rescue Plan Act (ARPA)

Key Health Care Related Provisions

April 1, 2021

House Committee on Health Care

# Key Health Care Related Provisions of the American Recovery Plan Act (ARPA)

Source: Manatt Health Manatt Insights

- **Medicaid**
- **Provider Relief Fund**
- **Nursing Facilities**
- **COVID-19 Vaccine, Testing, and Tracing Funds**
- **Medicare**
- **Mental Health and Substance Abuse**
- **COBRA**
- **Marketplace**

# Medicaid

Source: Manatt Health Manatt Insights

- **Extension of Medicaid and CHIP Coverage Postpartum.** Gives states the option to extend Medicaid/CHIP eligibility for pregnant people enrolled in Medicaid/CHIP for 12 months postpartum. These provisions take effect “at least” one year after the bill’s enactment and will remain in effect for seven years.
- **Mandatory Coverage of COVID-19 Vaccines in Medicaid and CHIP.** Provides coverage, without cost-sharing, for COVID-19 vaccines and vaccine administration for Medicaid and CHIP populations until the last day of the calendar quarter ending one year after the end of the federal PHE. This provision fills a gap in vaccine coverage for “limited benefit” populations, such as individuals eligible only for pregnancy-related or family planning coverage, as well as for Medicaid expansion adults. The bill provides 100% FMAP for vaccine and vaccine administration services during this period.
- **Mandatory Coverage of COVID-19 Treatment in Medicaid and CHIP.** Provides coverage, without cost-sharing, for drugs, biologics, and other treatments for COVID-19 for most “full benefit” Medicaid and CHIP populations, plus the optional Medicaid COVID-19 testing group, until one year following the end of the PHE.

# Medicaid

Source: Manatt Health Manatt Insights

- **State Option for Community-Based Mobile Crisis Interventions.** Authorizes states to claim Medicaid matching funds for community-based mobile crisis intervention services for Medicaid beneficiaries experiencing a mental health or substance use disorder crisis, for a period of five years beginning one year after enactment of ARPA. States that establish qualifying community-based mobile crisis intervention services can claim such services at an increased 85% FMAP for the first three years during which they provide such services (this provision would not displace higher applicable matching rates, such as the 90% matching rate that applies to the adult expansion population). The bill also appropriates \$15 million for planning grants to help states develop state plans and/or waivers to develop qualifying community-based mobile crisis interventions.
- **Enhanced FMAP for Home- and Community-Based Services.** Provides a one-year, 10 percentage point FMAP increase for specified Medicaid home- and community-based services (HCBS). The provision includes HCBS authorized by state plan or waiver as well as home health, personal care, PACE, case management, rehabilitation services, and other services as specified by the Secretary of HHS. This FMAP increase takes effect April 1, 2021, through March 31, 2022, for states that implement, or supplement implementation of, activities to enhance, expand, or strengthen HCBS. The increased matching rate must be used to supplement, not supplant, the level of state funds expended on HCBS as of April 1, 2021.
- **Additional provisions include:** Enhanced FMAP for Medicaid Expansion, Elimination of Rebate Cap, Rebates for COVID-19 drugs, Enhanced FMAP for Urban Indian Health Organizations, Maintaining Medicaid DSH Allotments.

# Provider Relief Fund

Source: Manatt Health Manatt Insights

- **Funding for Rural Providers.** Adds \$8.5 billion to the Provider Relief Fund, specifically for rural Medicare- and/or Medicaid- enrolled providers.
- The bill directs HHS to establish an application process whereby eligible providers submit a statement of need, specifically including documentation regarding their lost revenues attributable to COVID-19 and health care-related expenses attributable to COVID-19.

# Nursing Facilities

Source: Manatt Health Manatt Insights

- **State Nursing Home Strike Teams.** The bill provides Medicare and Medicaid funding for states to establish deployable strike teams to respond to COVID-19 outbreaks in skilled nursing facilities and nursing facilities, respectively. The strike teams will assist with clinical care, infection control, and staffing, as needed, during the emergency period. \$500 million to states and territories.
- **Skilled Nursing Facility Infection Control.** Appropriates \$200 million to HHS to carry out infection control support related to COVID-19 in skilled nursing facilities through quality improvement organizations. The provision also supports the development and dissemination of prevention and mitigation protocols.

# COVID-19 Vaccine and Testing Funding

Source: Manatt Health Manatt Insights

- **Vaccine Distribution and Promotion.** \$7.5 billion to HHS to carry out activities to plan, prepare for, promote, distribute, administer, monitor, and track COVID-19 vaccines. The permitted uses of the funds are broad; the bill instructs HHS to:
  - Conduct activities to enhance, expand, and improve nationwide COVID-19 vaccine distribution and administration, including activities related to distribution of ancillary medical supplies related to vaccines.
  - Provide technical assistance, guidance, and awards (grants or cooperative agreements) to state, local, Tribal, and territorial health departments for enhancement of vaccine distribution capabilities including for uses ranging from staffing support and establishment of community vaccination centers to information technology, data, and reporting enhancements to communications with the public. (The exact amount to be awarded to these recipients is left to HHS discretion.)
  - Appropriates \$1 billion for Centers for Disease Control and Prevention (CDC) use in strengthening vaccine confidence and improving rates of vaccination throughout the United States.
- **Vaccine, Therapeutic Supply Chain.** \$6 billion to HHS for necessary expenses with respect to research, development, manufacturing, production and purchase of vaccines, therapeutics and ancillary medical products to prevent, prepare for or respond to COVID-19 or any disease with potential for creating a pandemic. Section 2304 appropriates an additional \$500 million, specifically to the FDA, for the evaluation of vaccines, including with respect to COVID-19 variants, oversight of the supply chain and other purposes.

# COVID-19 Vaccine and Testing Funding

Source: Manatt Health Manatt Insights

Appropriates \$47.8 billion to HHS to:

## **Implement a national testing, contact tracing, surveillance, and mitigation strategy.**

- Provide technical assistance, guidance, and awards (grants or cooperative agreements) to state, local, and territorial public health departments
  - Support the development, manufacture, procurement, distribution, and administration of COVID-19 tests
  - Expand and establish federal, state, local, and territorial testing and contact tracing capabilities
  - Enhance information technology, data modernization, and reporting to support sharing of data related to public health capabilities
  - Issue awards (via grants or cooperative agreements) to state, local, and territorial public health departments for work force purposes
  - Cover necessary administrative and program support costs
- Appropriates an additional \$1.75 billion to HHS for genomic sequencing and surveillance.
  - **Data Modernization and Forecasting Center.** Appropriates \$500 million to HHS, for use by the CDC director, to establish, expand, and maintain efforts to modernize the U.S. disease warning system.



# Medicare

Source: Manatt Health Manatt Insights

- **Medicare Imputed Rural Floor for Wage Index.** Requires CMS to re-establish an imputed rural floor for the Medicare hospital area wage index for hospitals in all-urban states. This reverses a policy change that dates back to 2018 and will have the effect of decreasing Medicare rates of payment to some hospitals in the all-urban states of New Jersey, Delaware and Rhode Island. The requirement need not be budget neutral, meaning any resulting increases in hospital payments should not decrease payments to hospitals in the remaining states.
- **Section 1135 Waiver Authority Relating to Ambulance Services.** Authorizes CMS, under Section 1135 waiver authority, to permit Medicare payment for ground ambulances that, due to COVID-19, were not able to transport a beneficiary to a qualifying destination.

# Substance Abuse

Source: Manatt Health Manatt Insights

## **SAMHSA Block Grant.**

- \$1.5 billion to states and territories under the SAMHSA Substance Abuse Prevention and Treatment program; states have until September 30, 2025 to utilize the funding.

# COBRA Subsidies

Source: Manatt Health Manatt Insights

- What is COBRA?
  - The Consolidated Omnibus Budget Reconciliation Act (COBRA) gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances.  
<https://www.dol.gov/general/topic/health-plans/cobra>
- **ARPA COBRA Subsidies.** Section 9501 provides federal premium assistance equal to 100% of COBRA continuation coverage premiums for COBRA-eligible individuals and families from the first of the month after enactment through September 31, 2021.
- IRS will provide a refundable payroll tax credit to reimburse employers and health plans for the premiums.
- Section 9501 also includes requirements that employers notify employees about COBRA eligibility and the expiration of premium assistance.