



May 2021

HFMA

Nebraska Chapter

Provider Relief Fund (PRF) Update



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Agenda

- Introductions
- Disclaimer
- Latest from HHS (on website)
- Correspondence to Marvin Figueroa
- Selected Terms and Conditions reminder
- What new (FAQ's) since February 1st
- March 2021 GAO Report
- The “lost revenue” conundrum
- Comments and questions

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What is the latest regarding the CARES Act PRF?

- <https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/faqs/index.html>
- New [Provider Relief Fund reporting requirements - PDF](#)* were issued on January 15, 2021 in accordance with the Coronavirus Response and Relief Supplemental Appropriations Act of 2021. In response to stakeholder feedback, HHS is currently reviewing this guidance and Provider Relief Fund reporting timelines. We continue to encourage recipients of Provider Relief Fund payments exceeding \$10,000 in aggregate to register in the [Provider Relief Fund Reporting Portal](#) while additional guidance is forthcoming. The Biden Administration is reviewing all programs and policies, including the Provider Relief Fund program, to determine the path forward. Please continue to check back for updates.
- Content last reviewed on March 23, 2021

Correspondence to Marvin Figueroa

- Director, Office of Intergovernmental and External Affairs
- From eight different advocacy groups, including HFMA
- High level PRF issues –
 - Extend the due date for the final PRF report and return of unused funds to December 31, 2022
 - Flexibility in reporting and oversight
 - Streamline reporting
 - Shaping the reporting template
 - Coordinating reporting requirements with subsequent development of audit controls and compliance requirements
 - Designate a PRF team member contact that can help answer questions or concerns from providers / bi-weekly meetings
- “We understand you and the new HHS team are assessing the PRF and identifying priorities for future improvements. We look forward to the opportunity to provide insights and support.”

Selected Terms and Conditions Reminder

- The Recipient certifies that the Payment **will only be used to prevent, prepare for, and respond to coronavirus, and that the Payment shall reimburse the Recipient only for health care related expenses or lost revenues that are attributable to coronavirus.**
- **The Recipient certifies that it will not use the Payment to reimburse expenses or losses that have been reimbursed from other sources** or that other sources are obligated to reimburse.
- **The Recipient shall submit reports as the Secretary determines are needed to ensure compliance with conditions that are imposed on this Payment,** and such reports shall be in such form, with such content, as specified by the Secretary in future program instructions directed to all Recipients.

What's New – Terms and Conditions

- **Does HHS intend to recoup any payments made to providers not tied to specific claims for reimbursement, such as the General or Targeted Distribution payments? (*Modified 3/31/2021*)**

What's New – Terms and Conditions

- The Provider Relief Fund Terms and Conditions require that recipients be able to demonstrate that lost revenues and expenses attributable to COVID-19, excluding expenses and losses that have been reimbursed from other sources or that other sources are obligated to reimburse, meet or exceed total payments from the Provider Relief Fund. **Provider Relief Fund payment amounts that have not been fully expended on health care expenses or lost revenues attributable to coronavirus by the end of the final reporting period must be returned to HHS.** The Provider Relief Fund Terms and Conditions and applicable legal requirements authorize HHS to audit Provider Relief Fund recipients now or in the future to ensure that program requirements are met. **Provider Relief Fund payments that were made in error, or exceed lost revenue or expenses due to COVID-19, or do not otherwise meet applicable legal and program requirements must be returned to HHS, and HHS is authorized to recoup these funds.**

What's New – Terms and Conditions

- **Is there a set period of time in which providers must use the funds to cover allowable expense or lost revenues attributable to COVID-19? (*Modified 3/31/2021*)**

What's New – Terms and Conditions

- **Yes.** As explained in the notice of reporting requirements on the Provider Relief Fund website, available at <https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/reporting-auditing/index.html>, **funds must be expended no later than June 30, 2021.** HHS will provide directions in the future about how to return unused funds. HHS reserves the right to audit Provider Relief Fund recipients now or in the future, and is authorized to collect any Provider Relief Fund amounts that were overpaid or not used in a manner consistent with program requirements or applicable law. **All payment recipients must attest to the Terms and Conditions, which require the submission of documentation to substantiate that these funds were used for health care-related expenses or lost revenue attributable to coronavirus.**

What's New – Terms and Conditions

- **What oversight and enforcement mechanisms will HHS use to ensure providers meet the Terms and Conditions of the Provider Relief Fund? (*Modified 3/31/2021*)**

What's New – Terms and Conditions

- Providers receiving payments from the Provider Relief Fund must comply with the Terms and Conditions and applicable legal requirements. **Failure by a provider that received a payment to comply with any term or condition can result in action by HHS to recoup some or all of the payment. Per the Terms and Conditions, all recipients will be required to submit documents to substantiate that these funds were used for health care-related expenses or lost revenue attributable to coronavirus, and that those expenses or losses were not reimbursed from other sources and other sources were not obligated to reimburse them.** HHS monitors the funds distributed, and oversees payments to ensure that Federal dollars are used in accordance with applicable legal and program requirements. In addition, the HHS Office of the Inspector General fights fraud, waste and abuse in HHS programs, and may review these payments.

What's New – Terms and Conditions

- **In order to accept a payment, must the provider have already incurred eligible expenses and losses higher than the Provider Relief Fund payment received? *(Modified 3/31/2021)***

What's New – Terms and Conditions

- **No.** Providers do not need to be able to prove, at the time they accept a Provider Relief Fund payment that prior and/or future lost revenues and expenses attributable to COVID-19 (excluding those covered by other sources of reimbursement) meet or exceed their Provider Relief Fund payment. HHS expects that providers will only use Provider Relief Fund payments in accordance with legal and program requirements. **These requirements specify that if, on June 30, 2021, providers have remaining Provider Relief Fund money that they cannot expend on permissible expenses or losses, then providers will return this money to HHS.** HHS will provide directions in the future about how to return unused funds. The Provider Relief Fund Terms and Conditions and legal requirements authorize HHS to audit Provider Relief Fund recipients now or in the future to ensure that program requirements are met. HHS is authorized to recoup any Provider Relief Fund amounts that were made in error or exceed lost revenue or expenses due to COVID-19, or in cases of noncompliance with the Terms and Conditions.

What's New – Auditing and Reporting

- **The Rural Health Clinic (RHC) COVID-19 Testing Program requires that recipients report payments received separately from the payment(s) received as part of the Provider Relief Fund. How do RHCs determine whether they received payment as part of the RHC COVID-19 Testing Program? *(Added 2/24/2021)***

What's New – Auditing and Reporting

- RHCs that were issued a payment with the descriptor “HHSPAYMENT” or “COVID*RuralHealthTestingPmt*HHS.GOV” on or around May 20, 2020, June 9, 2020, December 7, 2020, and/or January 20, 2021, received these payments as part of RHC COVID-19 Testing Program. **HHS provided \$49,461.42 for each eligible RHC with a unique CMS Certification Number (CCN) associated with an eligible Tax Identification Number (TIN). TIN organizations must report data associated with COVID-19 testing payments on the Rural Health Clinic COVID-19 Testing Report Portal**

What's New – Use of Funds

- **How does cost-based reimbursement relate to my Provider Relief Fund payment? (*Modified 3/31/2021*)**

What's New – Terms and Conditions

- Under cost-based reimbursement, the payer agrees to reimburse the provider for the costs incurred in providing services to the insured population. In these instances, if the full cost was reimbursed based upon this method, there is nothing eligible to report as an expense attributable to coronavirus because the expense was fully reimbursed by another source. Provider Relief Fund payments cannot be used to cover costs that are reimbursed from other sources or that other sources are obligated to reimburse. **Therefore, if Medicare or Medicaid makes a payment to a provider based on the provider's Medicare or Medicaid cost, such payment generally is considered to fully reimburse the provider for the costs associated with providing care to Medicare or Medicaid patients and no money from the PRF would be available for those identified Medicare and Medicaid costs.** However, in cases where a ceiling is applied to the cost reimbursement or the costs are not reimbursed under cost-based reimbursement (such as costs for care to commercial payer patients) since the reimbursed amount by Medicare or Medicaid does not fully cover the actual cost, those non-reimbursed costs are eligible for reimbursement under the Provider Relief Fund.

What's New – Use of Funds

- **When reporting my organization's healthcare expenses attributable to coronavirus, how do I calculate the "expenses attributable to coronavirus not reimbursed by other sources"? *(Modified 3/31/2021)***

What's New – Use of Funds

- Healthcare related expenses attributable to coronavirus may include items such as supplies, equipment, information technology, facilities, employees, and other healthcare related costs/expenses for the calendar year. The classification of items into categories should align with how Provider Relief Fund recipients maintain their records. **Providers can identify their healthcare related expenses, and then apply any amounts received through other sources, such as direct patient billing, commercial insurance, Medicare/Medicaid/Children's Health Insurance Program (CHIP), or other funds received from the Federal Emergency Management Agency (FEMA), the Provider Relief Fund COVID-19 Claims Reimbursement to Health Care Providers and Facilities for Testing, Treatment, and Vaccine Administration for the Uninsured, and the Small Business Administration (SBA) and Department of Treasury's Paycheck Protection Program (PPP) that offset the healthcare related expenses.**

What's New – Use of Funds

- **Can Reporting Entities claim the time spent by staff and director-level resources on COVID-19-specific matters, such as participating in task forces or preparing their health care organization's COVID-19 response, that they would not have otherwise spent time on in the absence of the pandemic? *(Added 2/24/2021)***

What's New – Use of Funds

- **Time spent by staff on COVID-19-specific matters may be an allowable cost attributable to coronavirus so long as it was not reimbursed or obligated to be reimbursed by other sources.** If the personnel salaries are reimbursed by any other source of funding they cannot be also reimbursed by the Provider Relief Fund. In addition, no one individual may be allocated as greater than one full-time equivalent (FTE) across all sources of funding. All costs must be tangible expenses (not opportunity costs) and must be supported by documentation.

What's New – Use of Funds

- **Are there any restrictions on how hospitals that receive Medicaid disproportionate share hospital (DSH) payments can use Provider Relief Fund General and Targeted Distribution payments? *(Added 2/24/2021)***

What's New – Use of Funds

- **Yes. Providers may not use PRF payments to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.** Therefore, if a hospital has received Medicaid DSH payments for the uncompensated costs of furnishing inpatient and/or outpatient hospital services to Medicaid beneficiaries and to individuals with no source of third party coverage for the services, these expenses would be considered reimbursed by the Medicaid program and would not be eligible to be covered by money received from a General or Targeted Distribution payment.

What's New – Use of Funds

- **What is the maximum allotment of my organization's Provider Relief Fund amount that can be allocated to lost revenue in 2020? (*Modified 1/28/2021*)**

What's New – Use of Funds

- **Unreimbursed expenses attributable to coronavirus are considered first in the overall use of funds calculation.** Provider Relief Fund payment amounts not fully expended on unreimbursed healthcare related expenses attributable to coronavirus are then applied to lost revenues for 2020.

What's New – Use of Funds

- **Can I use 2020 budgeted revenues as a basis for reporting lost revenues? (*Modified 1/28/2021*)**

What's New – Use of Funds

- **Yes.** When reporting use of Provider Relief Fund money toward lost revenues attributable to coronavirus, Reporting Entities may use budgeted revenues **if the budget(s) and associated documents covering calendar year 2020 were established and approved on or before March 26, 2020.** To be considered an approved budget, the budget must have been ratified, certified, or adopted by the Reporting Entity's financial executive or executive officer as of that date, and the Reporting Entity will be **required to attest that the budget was established and approved on or before March 26, 2020.** Documents related to the budget, including the approval, must be maintained in accordance with the Terms and Conditions.

What's New – Miscellaneous

- **If a subsidiary organization received a Provider Relief Fund Targeted Distribution, and subsequently transferred it to its parent organization, which organization should report on the use? *(Added 1/28/2021)***

What's New – Miscellaneous

- **The subsidiary as the original recipient of the payment must report on the use of funds in accordance with the Coronavirus Response and Relief Supplemental Appropriations Act.**

What's New – Miscellaneous

- **If an entity incurred enough lost revenue in April and May 2020 to justify its use of the Provider Relief Fund payments received, can it only report those two months? (*Modified 1/28/2021*)**

What's New – Miscellaneous

- **No.** Recipients have multiple options to calculate lost revenue as outlined in the Post-Payment Notice of Reporting Requirements. **However, for each of these options, the Reporting Entity must report revenue for the full calendar year 2020.** If funds were not expended in full by December 31, 2020, then a second and final report will be required on use of funds for the period January 1, 2021 - June 30, 2021, which is due no later than July 31, 2021.

What's New – Miscellaneous

- **If all funds are expended to cover unreimbursed healthcare related expenses attributable to coronavirus, are Reporting Entities still required to submit lost revenue information? *(Modified 1/28/2021)***

What's New – Miscellaneous

- **Reporting Entities are required to submit actual patient care revenue for calendar years 2019 and 2020 in order to inform program integrity and HRSA's audit strategy.**

March 2021 GAO Report to Congressional Committees – COVID-19 Sustained Federal Action is Crucial as Pandemic Enters its Second Year

- As of March 1, 2021, \$120B of the \$178B of PRF has been disbursed (\$154B has been allocated)
- As of February 26, 2021, providers had declined about \$8B
 - Some providers returned funds because they were not needed
 - Large health system in CA returned \$771M and stated in a press release that it was able to return the majority of funds due to actions taken to manage expenses

March 2021 GAO Report to Congressional Committees – COVID-19 Sustained Federal Action is Crucial as Pandemic Enters its Second Year

- Recommending that HHS finalize and implement a post-payment review process to validate COVID-19 Uninsured Program claims.
- Recommending that HHS collect data specific to COVID-19 vaccination rates in nursing homes and make data publicly available and require nursing homes to offer COVID-19 vaccinations to residents and staff and design and implement associated quality measures.
- Recommending that OMB work in consultation with federal agencies and the audit community to incorporate appropriate measures in OMB's process for preparing single audit guidance (issued in a timely manner and is responsive to users' input and needs)

March 2021 GAO Report to Congressional Committees – COVID-19 Sustained Federal Action is Crucial as Pandemic Enters its Second Year

- The PRF reimburses health care providers for health-care-related expenses or lost revenues attributable to COVID-19. An auditor’s review of such reported health care expenditures and lost revenues may be a critical component of a PRF recipient’s single audit.
- As we previously reported, delays in issuing guidance could adversely affect auditors and the results and timing of their work, and may lead to inconsistent reporting.

May 2021 Congressional Letter

- Sponsored by Cindy Axne (D-IA) and Mariannette Miller-Meeks (R-IA); co-sponsored by Adrian Smith (R-NE)
- Extend deadline to use PRF to June 30, 2022
- Provide flexibility to calculate lost revenue, including partial look back window to discount volume from COVID-19 surge

Lost Revenue Conundrum

- Definition of co-nun-drum
 - A confusing and difficult problem or question
- Conundrum or enigma
 - A conundrum is like a puzzle, or a riddle, or a problem – which needs to be solved, or is at least solvable. An enigma, however, is more a mystery or mysterious phenomenon, which may or may not be solvable.
- The conundrum is that we have had changing guidance on “lost revenue” (albeit, vague at times), yet we are still not sure what makes sense and what will be acceptable when complying with PRF terms and conditions

Lost Revenue Conundrum

- **June 2, 2020 FAQ** - The term “lost revenues that are attributable to coronavirus” means any revenue that you as a healthcare provider lost due to coronavirus. This may include revenue losses associated with fewer outpatient visits, canceled elective procedures or services, or increased uncompensated care.
- **June 12, 2020 FAQ** - You may use a reasonable method of estimating the revenue during March and April compared to the same period had COVID-19 not appeared. For example, if you have a budget prepared without taking into account the impact of COVID-19, the estimated lost revenue could be the difference between your budgeted revenue and actual revenue. It would also be reasonable to compare the revenues to the same period last year.

Lost Revenue Conundrum

- **September 19, 2020 Post-Payment Notice of Reporting Requirements (PPNRR)**- PRF payment amounts not fully expended on healthcare related expenses attributable to coronavirus are then applied to lost revenues, **represented as a negative change in year-over-year net patient care operating income**. Recipients may apply PRF payments toward lost revenue, up to the amount of their 2019 net gain from healthcare related sources. Recipients that reported negative net operating income from patient care in 2019 may apply PRF amounts to lost revenues up to a net zero gain/loss in 2020.
- **October 22, 2020 PPNRR** - Changed lost revenue to be represented as a negative change in year-over-year net revenue

Lost Revenue Conundrum

- **January 15, 2021 PPNRR:**

- Recipients may choose to apply PRF payments toward lost revenue using one of the following options, up to the amount:
 - a) of the difference between 2019 and 2020 actual patient care revenue;
 - b) of the difference between 2020 budgeted and 2020 actual patient care revenue. If recipients elect to use 2020 budgeted patient care revenue to calculate lost revenue, they must use a budget that was established and approved prior to March 27, 2020. Providers using 2020 budgeted patient care revenue to calculate the amount of lost revenues they may permissibly claim will be required to submit additional documentation at the time of reporting; or

Lost Revenue Conundrum

- **Lost Revenue January 15, 2021 Guidance:**
 - Recipients may choose to apply PRF payments toward lost revenue using one of the following options, up to the amount:
 - c) ***calculated by any reasonable method of estimating revenue***. If a recipient wishes to use an alternate reasonable methodology for calculating lost revenues attributable to coronavirus, the recipient must submit a description of the methodology, an explanation of why the methodology is reasonable, and establish how the identified lost revenues were in fact a loss attributable to coronavirus, as opposed to a loss caused by any other source. All recipients seeking to use an alternate methodology ***face an increased likelihood of an audit by HRSA***. HRSA will notify a recipient if their proposed methodology is not reasonable, including because it does not establish with a reasonable certainty that claimed lost revenues were caused by coronavirus. If HRSA determines that a recipient's proposed alternate methodology is not reasonable, the recipient must resubmit its report within 30 days of notification using either 2019 calendar year actual revenue or 2020 calendar year budgeted revenue to calculate lost revenues attributable to coronavirus

Lost Revenue Conundrum

- PRF accounting – NFP Health Care Entities
 - Nonexchange transaction (contribution)
 - Conditional due to conditions imposed by the government
 - Recognition deferred until conditions are substantially met
 - Need to evaluate individual facts and circumstances in determining the extent to which conditions have been substantially met at a given reporting date
 - Payments that exceed recognizable contribution revenue is reported as a refundable advance
 - Uncertainty will exist with respect to evaluating the amount of contribution income that is recognized at a given reporting date

Resources

- <https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/index.html>
- <https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/faqs/index.html>
- <https://www.aicpa.org/content/dam/aicpa/interestareas/frc/downloadabledocuments/tqa-sections/tqa-section-6400-63-70.pdf>
- <https://prfreporting.hrsa.gov/s/>

Q&A

