



Phase 4 of PRF Funding

September 13, 2021

Friday afternoon HRSA announced Phase 4 of PRF funding and the \$8.5B of American Rescue Plan (ARP) payments as well as the outline of how those payments will be administered. Payments between the two programs are anticipated to be \$25.5B will be made to providers who submit an application detailing lost revenues and COVID-19 expenses from July 2020 through March 31, 2021.

If you applied for Phase 3 funding, the structure of the application should look familiar, albeit with a different time frame for reporting. At the same time, it was announced that the PRF payment reporting deadline for September 30th can be prolonged for 60 days if providers need additional time to report due to recent COVID-19 surges.

Below in our weekly insights over Phase 4 of PRF funding, we have the details provided by HRSA for the new round of funding. While the announcement is welcome news, the details behind how payments will be calculated and distributed leaves a lot of questions unanswered.

QUESTIONS? Contact us.

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HRSA also created a downloadable PDF resource, Provider Relief Fund: Recruiting and Retaining Personnel, which you can download [here](#).

- Providers will be able to begin their application on September 29th for both Phase 4 and the ARP Rural Distribution at one time. Information that is entered into the application appears limited to a lost revenues calculation and COVID-19 expenses between July 1, 2020 and March 31, 2021. Expect the information to be requested by quarter as that has been a consistent measurement period by HRSA.
- Payments will be skewed to “Medium” and “Small” providers. While “Large” providers will be eligible to apply and receive payments, the stated goal of this round of funding is to provide more equity in payments to small providers as well as providers who provide services to Medicaid, CHIP and Medicare patients
- 75% of the Phase 4 payment will be calculated based on application amounts of lost revenues and COVID-19 expenses. 25% will be allocated as bonus payments by repricing Medicaid & CHIP claims at Medicare rates and for those providers who serve patients living in a rural area as defined by the Federal Office of Rural Health Policy.
- The ARP Rural Distribution will be calculated similarly in that Medicaid and CHIP claims will be repriced at Medicare rates and a minimum payment will be made to those who serve patients living in a rural area as defined by the Federal Office of Rural Health Policy.
- Actual payment rates or payment percentage of submitted COVID-19 expenses and lost revenues will be calculated by HRSA after all applications are submitted and no one will receive more than 100% of those amounts submitted. Expect details of the payment calculation to be sparse once deposits begin as this looks to be a very complex calculation with a moving target as the remaining funds are allocated.
- The application is not yet open and specific details are not yet available but we expect lost revenues and COVID-19 expense requests to be under the same rules as current PRF reporting guidelines.
- COVID-19 Expenses: HRSA recently released updated information on what types of personnel expenses qualify as a COVID-19 expense. We have included the fact sheet but recruitment and retention of your work force is permissible.
- Lost Revenues: Until we see the actual application and requests, we recommend you accumulate actual and budgeted patient revenues for the application period as well as actual revenues for Calendar Year 2019 patient revenues. If you are reporting in Period 1, you should already have this information ready for your PRF reporting
- Determine whether your facility qualifies as a Rural provider for the ARP. You can use HRSA’s [Rural Health Grants Eligibility Analyzer](#) to determine if you will qualify.

Finally, HRSA announced an additional 60 days to submit PRF report for Period 1 past the September 30, 2021 deadline. However, they do not call this an extension but rather a grace period. If you have not submitted your Period 1 report by September 30th, your organization will be out of compliance but HRSA will not begin enforcement or recoupment actions until after November 30, 2021.