Reporting for Provider Relief Fund (PRF)

On December 21, 2020, Congress passed an additional COVID Relief Bill that made significant updates to the Provider Relief Fund. One of the changes surrounded the calculation of Lost Revenues and the ability of recipients to use budgeted revenues as a measurement. This marks the 3rd change in guidance to the Lost Revenues calculation.

Below, in our weekly insights we will explore calculations and updates to the PRF that were approved last night surrounding lost revenues. More information will be provided as further rules and guidance are issued by HHS.

Here are three notable changes to the entire PRF:

1. $3 billion added to the Provider relief fund.
   a. Needs based application will be required to receive further funds.
   b. Application will be similar to Phase 3 distribution but consider financial losses and changes in operating expenses occurring in the 3rd or 4th quarter of CY2020, or the 1st quarter of CY2021.
2. Parent organizations can move paid "Targeted Distributions" to one subsidiary to be reallocated to other subsidiary providers.
   a. Responsibility for reporting the reallocated reimbursement shall remain with the original recipient of the Targeted Distribution.
3. Providers may calculate Lost Revenues in a manner using the FAQ guidance from HHS in June 2020 with the difference between a provider's budgeted and actual revenue for 2020.
   a. The budgeted revenues must have been established and approved prior to March 27, 2020.

KEY TAKEAWAYS:

Model Lost Revenues under both methodologies (actual 2019 to 2020 or 2020 budget to actual 2020) to determine which is more favorable for your organization.

Review all assumptions and modeling of contractual allowances and reserves for CY2020. Ensure your net patient revenue calculations are appropriate as this number will be the basis for your lost revenues calculation when comparing CY2020 to CY2019.

QUESTIONS? Contact us.

Michael Alessandrini
Director, Reimbursement
malessandrini@blueandco.com
317-713-7959

500 N. Meridian Street, Suite 200
Indianapolis, IN, 46204, US

Updated on December 11, 2020

WEEKLY INSIGHTS

The COVID Relief bill offers PRF recipients two ways to calculate lost revenues now.

Prior to Monday, lost revenues was defined as the change in CY2020 net revenues and CY2019 net revenues for the first reporting cycle in early 2021. Providers can now choose to use budgeted CY2020 revenues vs actual revenues for 2020 with the difference counting as lost revenues. The budget must have been established and approved prior to March 27, 2020.

HHS will need to issue further advice as not every recipient has a fiscal year or budget that is on a calendar year. For example, 6/30 and 9/30 year-end recipients would not likely have an approved budget by March 27th for the latter half of the calendar year as they were nearing the end of their current fiscal year.

Finally, the second reporting period will calculate lost revenues from 1/1/21 – 6/30/21 net revenues compared to 1/1/19 – 6/30/19 net revenues. No mention was made to how budgeted revenues would be calculated for this period but it seems reasonable that the first 6 months of 2020 budgeted revenues compared to 1/1/21 – 6/30/21 actual revenues is where HHS will lean.

Recent FAQs have offered further guidance:

- Lost revenues only includes patient care related sources.
- Patient care revenue is “net of uncollectible patient service revenue recognized as bad debts”.
- Fundraising revenues, grants or donations should only be included in lost revenues if they contribute directly to funding patient care services.
- Settlements or payments made relating to care delivered outside the calendar year reporting period should not be included in the lost revenues calculation for CY2020 vs CY2019.

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KEY TAKEAWAYS:

Review both CY2020 and 2019 for any settlements or payments related to care delivered outside these two calendar years. These amounts can be excluded from your lost revenues calculation and likely came from Medicare and Medicaid settlements or appeals.

Continue to review settlements from Medicaid, Medicare and other third parties and adjust your net patient revenues so that these payments match the appropriate calendar year. For example, if in May 2020 you received a Medicaid DSH payment related to 2019, you should consider adjusting your CY 2020 and 2019 revenues to remove the payment from 2020 and into 2019 allowing you to appropriately report lost revenues.

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