



Reporting for Provider Relief Fund (PRF)

Another **quiet** week on the Provider Relief Fund updates from HHS. Numerous FAQs were updated and modified this week, but none were entirely new.

They offered a few additions to the January 15, 2021 Post Payment Reporting Notice with two items of note:

1. A question was asked if only April and May 2020 lost revenues could be used for reporting. HHS answered no, that using actual or budgeted lost revenues needed to capture all 12 months of CY 2020 revenues.
2. A question regarding reporting on targeted and general distributions was asked and if reporting would be separate. HHS confirmed that reporting would be consolidated by provider and Tax Identification Number and not only by the type of payment received.

KEY TAKEAWAYS:

Using actual or budgeted lost revenues need to capture all 12 months of CY 2020 revenues.

Reporting will be consolidated by provider and Tax Identification Number.

HHS is treating the PRF payments as the “payment of last resort” to battle the COVID-19 pandemic.

If you have received more than \$750,000 in grants you will be required to complete a single audit in addition to your annual financial audit.

QUESTIONS? Contact us.

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CPAs / ADVISORS



This week we have a different message in our Weekly Insights. We're providing some of the most common talking points that we hear about for you to use to communicate with your board of directors or shareholders regarding PRF payments and reporting requirements.

On the how and why we received funds and will we owe any back

- PRF payments are to support COVID-19 expenses and lost revenues your organization incurred during the pandemic.
- These funds were paid out very quickly by HHS this past spring and were not necessarily tied to the need of your organization at the time of payment. If your organization can't use all of the grants, they may have to give a portion back.
- HHS is treating the PRF payments as the "payment of last resort" to battle the COVID-19 pandemic. Any other State and local grants or other funds received to support your organization against COVID-19 must be used first before using the PRF funds
- You will report on the use of these funds soon, but the exact timing has been delayed and we await information from the new secretary of HHS
- Guidance on reporting has been limited but continue working to support as much of the payments through lost revenues and incurred COVID-19 expenses

On the recent stimulus bill and changes to the program

- The December 22, 2020 COVID relief bill gave your organization additional flexibility in how we calculate your losses due to COVID-19. Specifically, there are multiple ways to calculate lost revenues and can look at actual year-over-year losses, current year budget to actual losses, or any reasonable method that we deem suitable
- Your organization was also granted additional flexibilities and you can now transfer funds received between entities even if they did not receive the initial payment. As long as you report on the use of the funds for the overall organization the funds can be moved to the area that has the most need

On additional governance and financial reporting

- If you have received more than \$750,000 in grants you will be required to complete a single audit in addition to your annual financial audit
- Specifically, the requirement of a single audit will require *Generally Accepted Government Auditing Standards* to be applied to your financial statement audit, which means there will be a new report of the independent auditors related to internal control over financial reporting and compliance and other matters. There will also be another new report of the independent auditor related to compliance with use of your provider relief funds, as is stipulated by HHS.
- While your organization is expected to report lost revenues on the HHS portal when it opens, this is a separate reporting submission from the Single Audit requirements under the Uniform Guidance. The Single Audit reporting includes a schedule identifying federal expenditures and qualifying lost revenues under the PRF from the inception of the PFR through the entity's fiscal year end starting with December 31, 2020 year ends. The amounts reported between the HHS portal and the Single Audit could differ based on the evolving HHS guidance.

Provider Relief Funds FAQ Updates 1.28.2021

OWNERSHIP STRUCTURES & FINANCIAL RELATIONSHIPS

Must a parent organization that received a Provider Relief Fund Targeted Distribution on behalf of a subsidiary in which it has a direct ownership relationship remit the payment to the subsidiary? (Modified 1/28/2021)

No. The parent organization may allocate the Targeted Distribution to any of its subsidiaries that are eligible health care providers in accordance with the Coronavirus Response and Relief Supplemental Appropriations Act.

If a parent organization received a Provider Relief Fund Targeted Distribution on behalf of a subsidiary, which organization should attest to the Terms and Conditions for the payment? (Modified 1/28/2021)

The parent entity must attest to the Terms and Conditions for the Targeted Distribution payment if it is the entity that received the payment. It may attest on behalf of any or all subsidiaries that qualified for a Targeted Distribution (i.e., Skilled Nursing Facility, Safety Net Hospital, Rural, Tribal, High Impact Area) payment. The parent organization may allocate the Targeted Distribution to any of its subsidiaries that are eligible health care providers in accordance with the Coronavirus Response and Relief Supplemental Appropriations Act.

Can a parent organization with a direct ownership relationship with a subsidiary that received a Provider Relief Fund Targeted Distribution payment control and allocate that Targeted Distribution payment among other subsidiaries that were not themselves eligible and did not receive a Targeted Distribution (i.e., Skilled Nursing Facility, Safety Net Hospital, Rural, Tribal, High Impact Area) payment? (Modified 1/28/2021)

Yes, in accordance with the Coronavirus Response and Relief Supplemental Appropriations Act. The parent organization may allocate the Targeted Distribution up to its pro rata ownership share of the subsidiary to any of its other subsidiaries that are eligible health care providers. To determine whether an entity is the parent organization, the entity must follow the methodology used to determine a subsidiary in their financial statements. If none, the entity with a majority ownership (greater than 50 percent) will be considered the parent organization.

In the case of a parent organization with multiple billing TINs that may have each received a General Distribution payment, may the parent organization attest to the Terms and Conditions and keep the payments? (Modified 1/28/2021)

Yes, the parent organization with subsidiary billing TINs that received General Distribution payments may attest and keep the payments as long as providers associated with the parent organization were providing diagnoses, testing, or care for individuals with possible or actual cases of COVID-19 on or after January 31, 2020 and can otherwise attest to the Terms and Conditions. The parent organization can allocate funds at its discretion to its subsidiaries.

USE OF FUNDS

Are Reporting Entities required to report each General and/or Targeted Distribution payment separately? (Added 1/28/2021)

Reporting Entities that received General and Targeted Distribution payments will submit a consolidated report through the Provider Relief Fund Reporting Portal.

Provider Relief Funds FAQ Updates 1.28.2021

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)

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.

Is interest earned on Provider Relief Fund funds considered a reportable revenue source to HHS? (Modified 1/28/2021)

Yes, if funds were held in an interest-bearing account, they would be considered reportable revenue. If interest is earned on Provider Relief Fund disbursements that the Reporting Entity expended in full, the interest amounts may be retained and applied toward a reportable use of funds.

If interest is earned on funds that are only partially expended, the interest on remaining unused funds must be calculated, reported, and returned.

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

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.

MISCELLANEOUS

If a parent organization received a Provider Relief Fund Targeted Distribution on behalf of a subsidiary, which organization should report on the use? (Added 1/28/2021)

The parent organization 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.

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)

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.

Are Reporting Entities required to report each General and/or Targeted Distribution payment separately? (Added 1/28/2021)

Reporting Entities that received General and Targeted Distribution payments will submit a consolidated report through the Provider Relief Fund Reporting Portal.

Provider Relief Funds FAQ Updates 1.28.2021

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)

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.

If an entity received payments totaling over \$10,000, but returned some, do they still have to report? (Modified 1/28/2021)

A Reporting Entity must report only when they have retained over \$10,000 in aggregated Provider Relief Fund dollars.

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)

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.

COVID-19 VACCINE DISTRIBUTION & ADMINISTRATION

If a provider administers a COVID-19 vaccine to a patient that has Medicare Part A, but not Part B, coverage, can the provider use Provider Relief Fund payments to cover the unreimbursed costs associated with vaccine administration? (Added 1/28/2021)

Yes. The costs associated with administering a vaccine to a patient with Medicare Part A, but not Part B, coverage would be considered unreimbursed under the Provider Relief Fund, and payments could be used to cover incurred expenses.

Can Provider Relief Fund payments be used to support COVID-19 vaccine distribution? (Modified 1/28/2021)

Provider Relief Fund payments may be used to support expenses associated with distribution of a COVID-19 vaccine licensed or authorized by the Food and Drug Administration (FDA) that have not been reimbursed from other sources or that other sources are not obligated to reimburse. Funds may also be used ahead of an FDA-licensed or authorized vaccine becoming available. This may include using funds to purchase additional refrigerators or freezers, personnel costs to provide vaccinations, and transportation costs not otherwise reimbursed.

Provider Relief Funds FAQ Updates 1.28.2021

COVID-19 VACCINE DISTRIBUTION & ADMINISTRATION

Phase 3 Payments

What will be the methodology/formula used to calculate provider payment in Phase 3 General Distributions? (Modified 1/28/2021)

Providers will be paid the greater of up to 88 percent of their reported losses (both lost revenue and health care-related expenses attributable to coronavirus incurred during the first half of 2020) or 2 percent of annual revenue from patient care. Some applicants will not receive an additional payment, either because they experienced no change in revenues or net expenses attributable to COVID-19, or because they have already received funds that equal or exceed reimbursement of 88 percent of reported losses or 2 percent of revenue from patient care. Certain applicants may not receive these full amounts because HHS determined the revenues and operating expenses from patient care reported on their applications included figures that were not exclusively from patient care (as defined in the instructions), reported figures were not reflected in submitted financial documentation, or reported figures were extreme outliers in comparison to other applicants of the same provider type; instead, HHS capped the amount paid to these provider types based on industry estimates of revenue and operating expenses from patient care.

What is the payment amount that an applicant should expect to receive from Phase 3 of the General Distribution? (Modified 1/28/2021)

If an applicant has not yet received and kept a payment that is approximately 2 percent of annual revenue from patient care as part of either Phase 1 or 2 of the General Distribution, then they will receive at least that amount in Phase 3 payment. In addition to this amount, providers will be paid up to 88 percent of their reported losses (both lost revenue and health care-related expenses attributable to coronavirus incurred during the first half of 2020) if losses exceeded 2 percent of annual revenue from patient care. Some applicants may not receive this proportion of the losses reported on their applications, because HHS determined the reported revenues and operating expenses from patient care were not exclusively from patient care (as defined in the instructions) or because reported figures were not reflected in submitted financial documentation.

Additionally, some applicants will not receive an additional payment either because they experienced no change in revenues or net expenses attributable to COVID-19, or because they have already received funds that equal or exceed reimbursement of 88 percent of reported losses.

NURSING HOME INFECTION CONTROL DISTRIBUTION

What is the timeline for distributing quality incentive payments under this distribution? (Modified 1/28/2021)

The incentive payment program is scheduled to be divided into four performance periods (September, October, November, December), lasting a month each. All nursing homes or SNFs meeting the payment qualifications will be eligible for each of the four performance periods. Nursing homes will be assessed based on a full month's worth of data submissions, which will then undergo additional HHS review and auditing before payments are issued after the close of the reporting period.