



Reporting for Provider Relief Fund (PRF)

We are focusing on what constitutes as healthcare related expenses attributable to coronavirus. Guidance from HHS over this topic has been contradictory at times and some calculation examples given in the FAQs are not practical for complex healthcare organizations.

WEEKLY INSIGHTS

The expenses need to meet two broad primary characteristics:

1. Must relate to costs to prevent, prepare for, or respond to coronavirus
2. Costs should be “unreimbursed from other sources”

A few things to keep in mind when gathering the data:

1. Nearly every provider has encountered a staffing crisis due to the pandemic.
 - a. Providers have had to pay significant amounts for overtime, sign-on bonuses, and contracted staffing. These are eligible costs under the grant.
 - b. While there is no perfect method for calculating what the incremental costs are related to these items, we believe a reasonable approach would be to compare amounts paid for these expenses to historical norms (calendar year 2019), adjust for extenuating factors (such as acquisitions, new service lines or opening of locations), and claim the difference as incremental costs. Also, additional payroll taxes, retirement costs, etc. on overtime, sign-on bonuses, etc. would be acceptable.
2. Engage senior leadership and department heads to review CY 2020 operations and expenditures with a focus on identifying costs that were used to prepare for and treat COVID patients.
3. Eligible costs for salaries are capped at 197,300 annually per individual, regardless of position type.
4. The full costs of capital items may be claimed towards the grant. Earlier guidance suggested that only 1 or 1.5 years of depreciation would be allowed, but HHS has backtracked and is now allowing the full costs of capital items to be claimed as eligible expenses.

KEY TAKEAWAYS:

Costs need to be related to preventing/preparing for/responding to the coronavirus.

Grant eligible costs include additional salaries, sign on bonus', overtime, contracted staffing, full cost of capital items to be claimed.

QUESTIONS? Contact us.

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CPAs / ADVISORS



Updated on December 11, 2020



WEEKLY INSIGHTS

We often get the question of “What can we spend money on that we haven’t otherwise?”

1. Hazard pay is specifically mentioned in the guidance as an acceptable expense, so consideration of a bonus to retain/recruit new staff would be acceptable.
2. Capital items are as long as they are used to prevent, prepare for, or respond to coronavirus. If the equipment/property could be repurposed, that would also be a good thing to think about.
3. Take into account vaccine administration and distribution and what costs will be incurred to dispense to patients including staffing, freezers and refrigeration, and management of the entire process.

The Office of Management and Budget (OMB)

1. Expected to release a compliance supplement in the coming weeks giving auditors guidance on how to audit funds recognized under the program to verify if they are in compliance with the terms and conditions.
2. The time to start gathering expense information is now as HHS has communicated that the portal to report on eligible expenses, other reimbursed sources, and lost revenue calculations will open on January 15, 2021, with a 30 day window for providing the information.

In addition, OMB and the AICPA communicated on 12/10/20 that anyone who received provider relief funds with a fiscal year end before 12/31/20 will not be required from reporting the expenditures on the schedule of federal awards until the following fiscal year. This could absolve the majority of providers from having to perform a single audit with fiscal year ends prior to 12/31/20.

KEY TAKEAWAYS:

Think about what costs you have incurred due to COVID-19 and determine other ways capital items can be used post-COVID-19.

We encourage clients to start gathering this information sooner rather than later, as there could be a significant time commitment required to gather all of the data.

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