

Provider Relief Fund (PRF)

Allowable Expenses Overview – December 11, 2020

Overview:

This document is **intended to clarify the intent and provide examples** of allowable expenses for the use of PRF General and Targeted Distribution payments.

This is **not an exhaustive list of allowable expenses**, but will help to inform and support providers as they categorize expenses for reporting on use of funds.

Use of funds guidance:

The [final reporting requirements](#) state that PRF payments can be used towards **health care-related expenses attributable to coronavirus** that another source has not reimbursed and is not obligated to reimburse, which may include General and Administrative (G&A) or health care-related operating expenses.

Reference the [reporting FAQs](#) for additional details and guidance.

G&A expense examples:

Mortgage/rent: rent for a clinical setting, medical office building, etc.

Insurance: property, malpractice, or other business insurance

Personnel: direct employee expenses for staff such as nurses, administrators, or support personnel

Fringe benefits: health insurance, childcare assistance, overtime pay, hiring bonuses, or retention payments to expand or maintain patient care capacity

Lease payments: diagnostic equipment leases or clinical care software leases

Utilities/operations: HVAC services, environmental services for cleaning, or food and nutrition services

Health care-related expense examples:

Supplies: N95 or surgical masks, gowns, temperature monitoring devices, or cleaning agents

Equipment: ventilators, HVAC systems or improved filtration for infection control, or lab and radiology diagnostic equipment

Information technology: telehealth software and hardware, improved internet services to support increased telehealth or remote working, or new Electronic Medical Record modules to support patient care

Facilities: temporary Emergency Department expansions for patient volume increases, inpatient unit retrofits to accommodate COVID-19 or other patients, or outpatient clinic enhancements for improved infection control

When considering if an expense is allowable under the use of funds policy, ask yourself:

- Is this expense **necessary and reasonable** to support patient care efforts to prepare for, prevent, or respond to coronavirus?
- Is this expense incurred **consistent with our organization's policies and procedures**?

CARES Act Provider Relief Fund FAQs - 12/11/2020 Updated Answers

OVERVIEW

Is there a minimum amount for the Provider Relief Fund to issue payments? (Added 12/11/2020)

Yes. The Provider Relief Fund does not issue individual General and Targeted Distributions payments that are less than \$100.

If a provider returns a payment to the Provider Relief Fund and the returned amount is greater than what should be returned to the Government, will the Provider Relief Fund refund amounts returned in error? (Added 12/11/2020)

The Provider Relief Fund will refund returned payments that are determined to be \$500 or more in excess of the required returned amount.

If a provider returns a Provider Relief Fund payment to HHS, must it also return any accrued interest on the payment? (Modified 12/11/2020)

Yes, for Provider Relief Fund payments that were held in an interest-bearing account, the provider must return the accrued interest associated with the amount being returned to HHS. However, if the funds were not held in an interest-bearing account, there is no obligation for the provider to return any additional amount other than the Provider Relief fund payment being returned to HHS. HHS reserves the right to audit Provider Relief Fund recipients in the future to ensure that payments that were held in an interest-bearing account were subsequently returned with accrued interest.

To return accrued interest, visit pay.gov. On the webpage, locate "Find an agency," and select "Health and Human Services (HHS) Program Support Center HQ." Verify that the description is "PSC HQ Payment" and form number is "HSHQ," then click continue.

You will then need to complete the following steps:

- Step 1: Preview the form, then click "Continue."
- Step 2: Indicate whether you are completing on behalf of an individual or business and enter the following information.
 - Business Name Field: Legal name of organization that received the payment
 - Invoice or Ticket Number Field: "HHS-COVID-Interest"
 - Contract/Agreement Number Field: Tax Identification Number (TIN) of organization or provider that received the payment
 - Point of contact: Business contact information
 - Payment Amount: (The payment amount must match the interest earned on the payment received.)
- Step 3: Verify the interest return payment amount and select to pay by ACH or debit/credit card, then select "Continue."
- Step 4: Enter the required information to complete the payment, then select "Review and Submit."
- Step 5: Ensure that all information is correct and select "Submit."

CPAs / ADVISORS



CARES Act Provider Relief Fund
Frequently Asked Questions

CARES Act Provider Relief Fund FAQs - 12/11/2020 Updated Answers

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 12/11/2020)

Yes. The purpose of Targeted Distribution payments is to support the specific financial needs of the eligible healthcare provider that received the payment. Control and use of the funds must be delegated to the entity that was eligible for the Targeted Distribution payment if a parent entity received the Targeted Distribution payment on behalf of an eligible subsidiary. The only exception to this occurs when the funds were received as part of the Skilled Nursing Facility Targeted Distribution or Nursing Home Infection Control Distribution (but not bonus payments received as part of the Nursing Home Infection Control Quality Incentive Program), in which case parent entities may distribute funds among those subsidiaries that were eligible for payment at its discretion.

AUDITING & REPORTING REQUIREMENTS

Can my organization get an extension to the submission due date for 2019 audit year reports conducted under 45 CFR Part 75? (Modified 12/11/2020)

Yes. The Office of Management and Budget (OMB) in OMB M-20-26, Extension of Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) due to Loss of Operations, dated June 18, 2020, provided recipients, which include non-federal entities and commercial organizations, extensions beyond the normal due date to submit 2019 audit year reports. Please see the [OMB website](#) for more details. Recipients with questions about their ability to obtain extensions should email HRSA's Division of Financial Integrity at SARFollowup@hrsa.gov.

USE OF FUNDS

Are expenses related to securing and maintaining adequate personnel reimbursable expenses under the Provider Relief Fund? (Added 12/11/2020)

Yes, expenses incurred by providers to secure and maintain adequate personnel, such as offering hiring bonuses and retention payments, child care, transportation, and temporary housing, are deemed to be COVID-19-related expenses if the activity generating the expense was newly incurred after the declaration of the Public Health Emergency and the expenses were necessary to secure and maintain adequate personnel.

Are outsourced or third-party vendor services that enable access to health care services reimbursable expenses under the Provider Relief Fund? (Added 12/11/2020)

Yes, outsourced or third-party vendor services that enable sustained access to health care services and daily operations, such as food/patient nutrition services, facilities management, laundering, and disinfection/anti-contamination services, are considered reimbursable expenses if they are attributable to coronavirus.

CPAs / ADVISORS



CARES Act Provider Relief Fund
Frequently Asked Questions

CARES Act Provider Relief Fund FAQs - 12/11/2020 Updated Answers

USE OF FUNDS

Can providers use Provider Relief Fund payment to pay taxes? (Added 12/11/2020)

Yes. HHS considers taxes imposed on Provider Relief Fund payments to be “healthcare related expenses attributable to coronavirus” that are reimbursable with Provider Relief Fund money, except for Nursing Home Infection Control Distribution payments.

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 12/11/2020)

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. Provider Relief Fund payments may be applied to the remaining expenses or costs, after netting the other funds received or obligated to be received which offset those expenses. The Provider Relief Fund permits reimbursement of marginal increased expenses related to coronavirus.

For example, assume the following: A \$5 increase in expense or cost to provide an office visit is calculated by pre-pandemic cost vs. post-pandemic cost, regardless of reimbursement source:

- Pre-pandemic average expense or cost to provide an office visit = \$80
- Post-pandemic average expense or cost to provide an office visit = \$85

Examples of reimbursed amounts may include, but not be limited to:

- Example 1: Medicaid reimbursement: \$70 (Report $\$85 - \$80 = \$5$ as expense attributable to coronavirus but unreimbursed by other sources)
- Example 2: Medicare reimbursement: \$80 (Report $\$85 - \$80 = \$5$ as expense attributable to coronavirus but unreimbursed by other sources)
- Example 3: Commercial Insurance reimbursement: \$85 (Report \$5, commercial insurer did not reimburse for \$5 increased cost of post-pandemic office visit)
- Example 4: Commercial Insurance reimbursement: $\$85 + \5 insurer supplemental coronavirusrelated reimbursement (Report zero since insurer reimbursed for \$5 increased cost of post-pandemic office visit)
- Example 5: COVID-19 Claims Reimbursement to Health Care Providers and Facilities for Testing, Treatment, and Vaccine Administration for the Uninsured: \$80 (Report \$5 as expense attributable to coronavirus but unreimbursed by other sources)

CPAs / ADVISORS



CARES Act Provider Relief Fund
Frequently Asked Questions

CARES Act Provider Relief Fund FAQs - 12/11/2020 Updated Answers

USE OF FUNDS

Funds from the Federal Emergency Management Administration (FEMA) are generally intended to be the last source of reimbursement, however, the Post-Payment Notice of Reporting Requirements indicates that FEMA funds would be applied prior to the Provider Relief Fund distributions. In which order should governmental funding sources be applied and reported? (Modified 12/11/2020)

As it relates to expenses, providers identify their health care-related expenses, and then apply any amounts received through other sources (e.g., direct patient billing, commercial insurance, Medicare/Medicaid, reimbursement from the Provider Relief Fund COVID-19 Claims Reimbursement to Health Care Providers and Facilities for Testing, Treatment, and Vaccine Administration for the Uninsured, or funds received from FEMA or SBA/Department of Treasury's Paycheck Protection Program) that offset the health care-related expenses. Provider Relief Fund payments may be applied to the remaining expenses or cost, after netting the other funds received or obligated to be received which offset those expenses.

Do providers report total purchase price of capital equipment or only the depreciated value? (Modified 12/11/2020)

Providers who use accrual or cash basis accounting may report the relevant depreciation amount based on the equipment useful life, purchase price and depreciation methodology otherwise applied. For additional information on capital depreciation, please refer to the other Frequently Asked Questions related to capital equipment and capital facility projects.

VACCINE DISTRIBUTION & ADMINISTRATION

Can Provider Relief Fund payments be used to support COVID-19 vaccine distribution? (Modified 12/11/2020)

Provider Relief Fund payments may be used to support expenses associated with distribution of a COVID-19 vaccine licensed or approved 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 approved vaccine becoming available. This may include using funds to purchase additional refrigerators, personnel costs to provide vaccinations, and transportation costs not otherwise reimbursed.

Can Provider Relief Funds be used to cover the cost of vaccination, including doses and administration fees, for Medicare, Medicaid, or CHIP beneficiaries? (Modified 12/11/2020)

In line with the Terms and Conditions, funds may not be used to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse, which include, but is not limited to, Medicare, Medicaid, and CHIP. If reimbursement does not cover the full expense of administering vaccines, Provider Relief Funds may be used to cover the remaining associated costs.

CPAs / ADVISORS



CARES Act Provider Relief Fund
Frequently Asked Questions