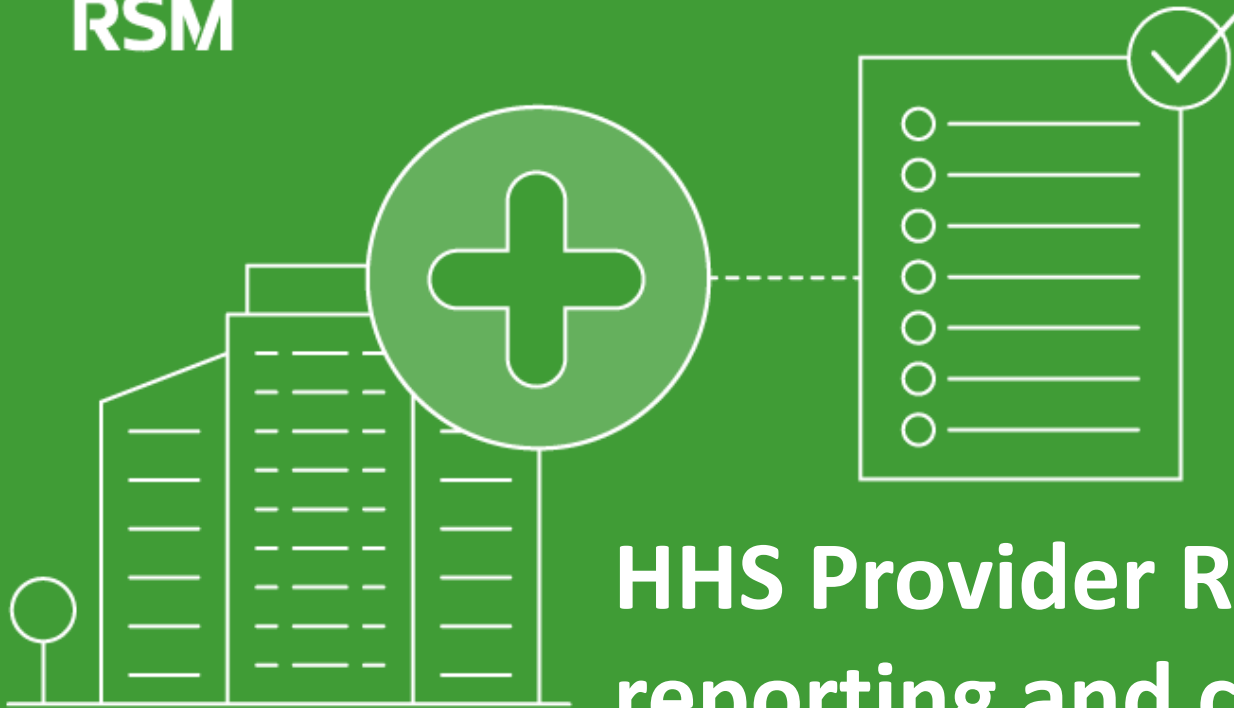




WEBCAST



# HHS Provider Relief Fund reporting and compliance update

July 20, 2021

# Conversation Leaders



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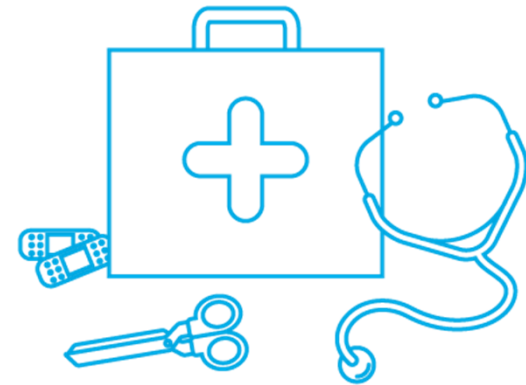
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# Objectives

- Share latest developments in HHS Provider Relief Fund (PRF) reporting requirements
- Discuss accounting, tax and financial reporting considerations related to PRF distributions
- Highlight audit implications and considerations
  - Single Audits of nonprofit providers
  - GAS compliance audits of for-profit providers
- Respond to your questions!



# Timeline and changes for provider relief funds

## CARES Act Issued

In March 2020 the President signed the CARES Act into law



## June 2020 Definition of Lost Revenue

Focused on:

- Top-line revenue
- Budget to actual or CY to PY



## September 19, 2020 Reporting Guidance

Introduced:

- Two-step process
- Indication of Step 1 (cost identification) first then Step 2 (lost revenue is really margin)
- Calendar year over year basis



## October 22, 2020 Post Payment Notice of Reporting Requirements

HHS reverts lost revenue definition to, lost patient service revenue, rather than margin



## December 28, 2020 Consolidated Appropriations Act, 2021

- The law permits measurement of lost revenue on budget to actual basis
- Allocation of targeted distributions



## January 15, 2021 Reporting Guidance

- Delayed former (2/15/21) utilization reporting deadline
- Provided additional clarity on lost revenue
  - Actual current calendar year vs. prior calendar year
  - Budget to actual – calendar year
  - Other reasonable methods acceptable, however, with risk
- Further clarity on reporting of subsidiaries



## June 11, 2021 Reporting Guidance

- Extended period of eligibility for funds received after June 30, 2020
- Introduced requirement to report utilization based on period when PRF was received



## July 1, 2021 HHS Opens Reporting Portal and Issues Guidance

- HHS provided a user guide and other resources, however, questions remain.
- Guidance suggests that lost revenue will be calculated based solely on calendar quarters within reporting periods where revenue was lost



# FAQ Updates

## MAY

6, 12, 19, 20, 21, 26, 29

## JULY

8, 10, 14, 17, 22, 23, 30, 31

## SEPT

1, 3, 4

FAQ Updates

## JUNE

2, 3, 8, 9, 12, 13, 15, 19, 22, 25, 30

## AUG

4, 7, 10, 18, 25, 27

## OCT

1, 3, 5, 8, 9, 28

FAQ Updates

## November

5, 12, 18

## December

4, 11, 18, 28

## January

12, 15, 28

## March

31

## June

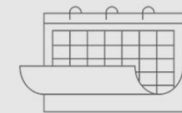
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## July

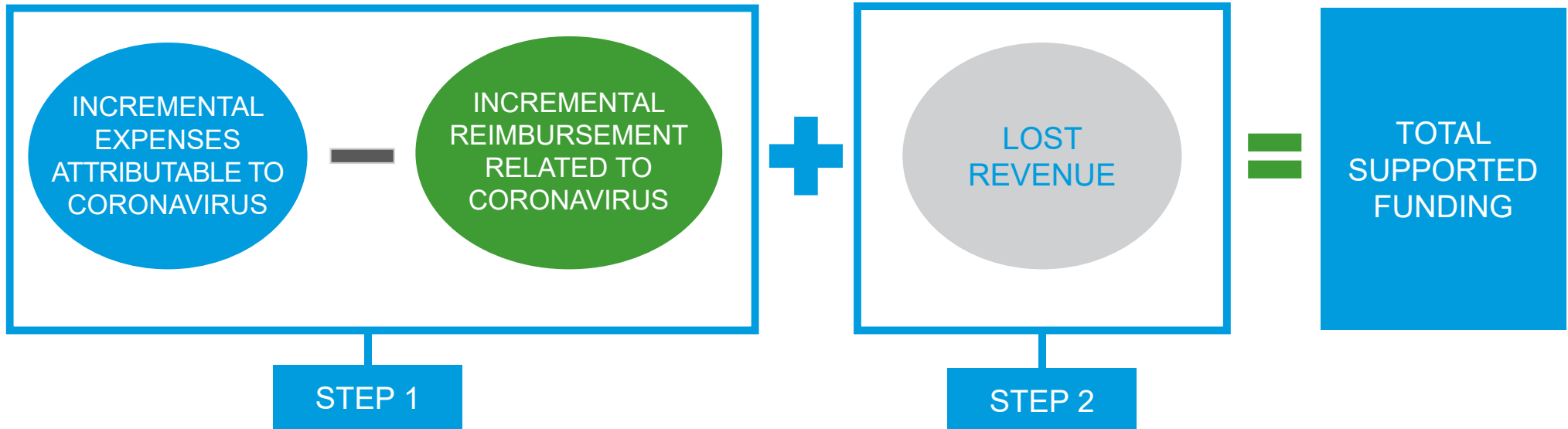
1, 15

### Call to Action

✓ Stay up to date on FAQ changes



# Calculation to Support the Provider Relief Funding Received



# June 11, 2021 Post Payment Notice of Reporting Requirements

<b>Period</b>	<b>Payment Received Period (Payments Exceeding \$10,000 in Aggregate Received)</b>	<b>Deadline to Use Funds</b>	<b>Reporting Time Period</b>
Period 1	April 10, 2020 to June 30, 2020	June 30, 2021	July 1, 2021 to September 30, 2021
Period 2	July 1, 2020 to December 31, 2020	December 31, 2021	January 1, 2022 to March 31, 2022
Period 3	January 1, 2021 to June 30, 2021	June 30, 2022	July 1, 2022 to September 30, 2022
Period 4	July 1, 2021 to December 31, 2021	December 31, 2022	January 1, 2023 to March 31, 2023

## Key Modified / New FAQs

### How do I determine if expenses should be considered “expenses attributable to coronavirus not reimbursed by other sources?” (Modified 6/11/2021)

Expenses attributable to coronavirus may include items such as supplies, equipment, information technology, facilities, personnel, and other health care-related costs/expenses for the period of availability. The classification of items into categories should align with how Provider Relief Fund payment recipients maintain their records. Providers can identify their expenses attributable to coronavirus, and then offset any amounts received through **other sources, such as direct patient billing, commercial insurance, Medicare/ Medicaid/ Children’s Health Insurance Program (CHIP); other funds received from the federal government**, including 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 (Uninsured Program); the COVID-19 Coverage Assistance Fund (CAF); and the Small Business Administration (SBA) and Department of the Treasury’s Paycheck Protection Program (PPP). 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 provided those expenses have not been reimbursed from other sources or that other sources are not obligated to reimburse.



## Key Modified / New FAQs

### **Will patient care revenue be counted against a Reporting Entity twice if the entity reported in “Other Assistance Received” and in the “Patient Care/Lost Revenue” sections of the Reporting Portal? (Added 7/1/2021)**

Patient care revenue should not be reported as part of “Other Assistance Received” as it is a source of revenue, not a source of other assistance as defined by Provider Relief Fund reporting requirements. The “Other Assistance Received” reported to HRSA will not be used in the calculation of expenses applied to Provider Relief Fund payments or lost revenues.

### **Common Examples of Other Assistance Received (not all inclusive):**

- Coronavirus Relief Funds
- PPP Loans
- Additional reimbursement from payors (a bump for COVID)

## Key Modified / New FAQs

### **What is the maximum allotment of my organization's Provider Relief Fund amount that can be allocated to lost revenues during the period of availability of funds? (Modified 7/1/2021)**

There is not a maximum or minimum that can be allocated. Reporting Entities will see the reporting system asks for unreimbursed expenses attributable to coronavirus first in the overall use of funds calculation; it is possible for a Reporting Entity to enter "0". Provider Relief Fund payment amounts not fully expended on unreimbursed health care-related expenses attributable to coronavirus during the period of availability are then applied to lost revenues. Lost revenues or expenses must only have been incurred during the period of availability correlating to the Payment Received Date as described in the June 11 Post-Payment Notice of Reporting Requirements. For Option i and Option ii, lost revenues are calculated for each quarter during the period of availability, as a standalone calculation, with 2019 quarters serving as a baseline. For each calendar year of reporting, the applicable quarters where lost revenues are demonstrated are totaled to determine an annual lost revenues amount. There is no offset. Option iii provides maximum flexibility to providers by allowing providers to calculate lost revenues using an alternate reasonable methodology.

## Key Modified / New FAQs

**If a Reporting Entity has more lost revenue for a “Payment Received Period” than it received Provider Relief Fund payments for the same period, can that lost revenue be carried forward and applied against payments received during later “Payment Received Periods” and included in the lost revenues reported during later reporting periods? (Added 7/1/2021)**

Yes. Provider Relief Fund payments may be applied to expenses and lost revenues according to the period of availability of funding. However, expenses and lost revenues may not be duplicated. Specifically, payments received may not be applied to the same expenses and lost revenues that Provider Relief Fund payments received in prior payment periods already reimbursed. The Payment Received Periods described in the June 11, 2021 Post-Payment Notice of Reporting Requirements determine the period of availability of funding and when reports are due.

## Example of Lost Revenue Calculation

Note this is based on RSM's current understanding, could be subject to change and interpretation.

Calendar Quarter	Budgeted Revenue	Actual Revenue	Lost Revenue
Q1 2020	\$10m	\$12m	\$0
Q2 2020	\$12m	\$6m	\$6m
Q3 2020	\$10m	\$8m	\$2m
Q4 2020	\$10m	\$12m	\$0
Q1 2021	\$10m	\$15m	\$0
Q2 2021	\$10m	\$15m	\$0
Total Lost Revenue			\$8m

## Key Unanswered Questions

- Is the “hybrid” method an alternative reasonable method to compute lost revenue?
- When will PRF-related audit guidance be available for for-profit entities?
- What does the July 15 FAQ related to contractual adjustments mean?

# Implications for Single Audits

- Based on comments made by HRSA on a July 8, 2021 webcast and July 15, 2021 FAQs

Expenditures of:	FYE 12/31	FYE's 1/1 – 6/29	FYE's 6/30 – 12/30
Period 1 distributions	Reported on 12/31/2021 SEFA	Reported on the FYE 2022 SEFA	Reported on the FYE 2021 SEFA
Period 2 distributions	Reported on 12/31/2021 SEFA	Reported on the FYE 2022 SEFA	Reported on the FYE 2022 SEFA
Period 3 and 4 distributions	Reporting of expenditures of Period 3 and 4 distributions will be addressed in the 2022 Compliance Supplement		

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## Evaluation of Subsequent Events

- Change in reporting guidance after the balance sheet date
- Recognized subsequent events
  - Events that provide additional evidence about conditions that existed at the balance sheet date
- Non-recognized subsequent events
  - Conditions that *did not* exist at the balance sheet date



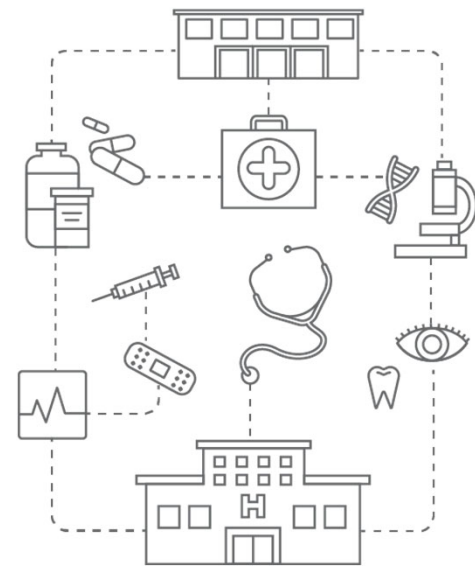
## ? Other Considerations

### NONPROFIT AND GOVERNMENT ENTITIES

- Status of 2021 Compliance Supplement
- Schedule H reporting

### FOR-PROFIT ENTITIES

- GAS audits
- Tax considerations

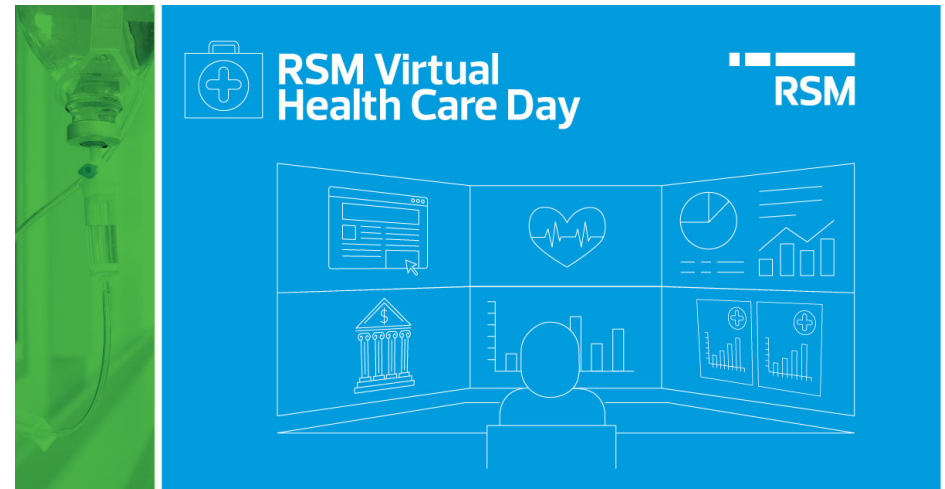





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