

Provider Relief Funds Updates



Introductions



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Our Goals For Today

- 1** PRF & FAQ Summary
 - 2** Where We Stand Today
 - 3** Reporting Requirements
 - 4** Single Audit Update
 - 5** Questions with Post-Payment Guidance
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Disclaimer

- Information in this presentation is as of January 21
- HFMA, AHA, the AICPA Health Care Expert Panel and others are reviewing and looking to provide guidance and insight
- Stay tuned for further developments through [BKD](#) [Thoughtware™](#)

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PRF & FAQ Summary



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PROVIDER RELIEF FUND SUMMARY

Phase 1 & 2 General Distribution (\$68 Billion in total) April / June

T
A
R
G
E
T
E
D

Rural

COVID-19
High
Impact
Area

Skilled
Nursing
Facilities

Indian
Health
Services

Safety Net
&
Childrens

Nursing
Home

Medicaid
& CHIP

May

May

May

May

June

June

July

\$11B

\$22B

\$4.9B

\$500M

\$14.4B

\$2.5B

\$15B

Phase 3 General Distribution (\$24.5 Billion) October

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Provider Relief Fund Terms & Conditions

- The terms and conditions of Provider Relief Funds (PRF) state that relief fund payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipients only for health care-related expense or lost revenue that are attributed to coronavirus
- The Recipient certifies that it provides or provided after January 31, 2020 diagnoses, testing, or care for individuals with possible or actual cases of COVID-19
- The Recipient certifies that it will not use the Payment to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse

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Provider Relief Fund Guidance Timeline

- HHS initially posted some Frequently Asked Questions (FAQs) on May 6 & continued to update through 01/15/2021
- Issued Post-Payment Notices on September 19 & October 22
- Multiple Updates of the FAQs on with major changes
- Consolidated Appropriations Act, 2021 furthered changes
- Post-Payment Notice issued on January 15, 2021

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HHS Issued Frequently Asked Questions to Address Terms & Conditions



CARES Act Provider Relief Fund Frequently Asked Questions

Provider Relief Fund General Information

- Overview**
- Attestation**
- Rejecting Payments**
- Terms and Conditions**
- Ownership Structures and Financial Relationships**
- Auditing and Reporting Requirements**
- Balance Billing**
- Appeals**
- Publication of Payment Data**

General Distribution

Phase 1

- Overview and Eligibility*
- Determining Additional Payments*
- Provider Relief Fund Payment Portal – Phase 1 - General Distribution*
- Data Sharing*

Phase 2

- Overview and Eligibility*
- Tax Identification Number (TIN) Validation Process*
- Application Process*

Phase 3

- Overview and Eligibility*
- Tax Identification Number (TIN) Validation Process*
- Application Process*

Targeted Distributions

- Rural Targeted Distribution**
- COVID-19 High Impact Area Targeted Distribution**
- Skilled Nursing Facilities Targeted Distribution**
- Indian Health Service Targeted Distribution**
- Safety Net Hospitals Targeted Distribution**
- Nursing Home Infection Control Distribution**

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Where We Stand Today



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Post-Payment Notice of Reporting Requirements Issued January 15

- Does not apply to SNF Infection Control or Rural Health Clinic Testing Funds
- Significant items/changes of note:

Lost revenues – reverts to original guidance with options

Expenses – few changes from 11/2 guidance

Expenses – adds in “attributable to coronavirus” language to G&A expenses

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Post-Payment Notice of Reporting Requirements Changes to Lost Revenue Calculation for calendar 2020



Recipients may choose to apply PRF payments toward lost revenue using one of the following options, up to the amount:

- a) of the difference between 2019 and 2020 actual patient care revenue;
- b) of the difference between 2020 budgeted and 2020 actual patient care revenue. If recipients elect to use 2020 budgeted patient care revenue to calculate lost revenue, they must use a budget that was established and approved prior to March 27, 2020. Providers using 2020 budgeted patient care revenue to calculate the amount of lost revenues they may permissibly claim will be required to submit additional documentation at the time of reporting; or
- c) calculated by any reasonable method of estimating revenue. If a recipient wishes to use an alternate reasonable methodology for calculating lost revenues attributable to coronavirus, the recipient must submit a description of the methodology, an explanation of why the methodology is reasonable, and establish how the identified lost revenues were in fact a loss attributable to coronavirus, as opposed to a loss caused by any other source. All recipients seeking to use an alternate methodology face an increased likelihood of an audit by HRSA. HRSA will notify a recipient if their proposed methodology is not reasonable, including because it does not establish with a reasonable certainty that claimed lost revenues were caused by coronavirus. If HRSA determines that a recipient's proposed alternate methodology is not reasonable, the recipient must resubmit its report within 30 days of notification using either 2019 calendar year actual revenue or 2020 calendar year budgeted revenue to calculate lost revenues attributable to coronavirus.

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Post-Payment Notice of Reporting Requirements Changes to Lost Revenue Calculation for 2021



If recipients do not expend PRF funds in full by the end of calendar year 2020, they will have an additional six months in which to use remaining amounts toward expenses attributable to coronavirus but not reimbursed by other sources, and/or lost revenues in an amount not to exceed the difference between: 1) 2019 Quarter 1 to Quarter 2 and 2021 Quarter 1 to Quarter 2 actual revenue, or 2) 2020 Quarter 1 to Quarter 2 budgeted revenue and 2021 Quarter 1 to Quarter 2 actual revenue.

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Where does this leave us?

- Still a 2-step approach
 - Healthcare related expenses attributable to coronavirus
 - Patient care lost revenues
- Options related to reporting lost revenues
 - Difference between 2019 and 2020 actual revenue
 - Difference between 2020 budgeted and actual revenue
 - Any reasonable method – increased likelihood of HRSA audit
- Capital purchases and inventory attributable to coronavirus are allowed as healthcare related expenses (no changes from previous FAQs)
- Questions on if general & administrative or marginal expenses must be tied directly to coronavirus



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Reporting Requirements



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Reporting Requirements Timeline

- Reporting has been delayed (No official deadline thus far)
- Providers are requested to Register on the [Provider Relief Fund Reporting Portal](#)
- Providers will be emailed when data can be submitted through Portal

REQUIREMENTS FOR REGISTERING

Contact Information

**Tax ID & Business Names
(including subsidiaries)**

**Payment information
(Tax ID, Amount, Method of
Payment, Check number or
Date)**

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Reporting Requirements Expenses

- Healthcare related expenses attributable to Coronavirus NOT reimbursed by other sources

Entities Receiving Between \$10,001 - \$499,999

Required to disclose expenses net in 2 categories

General & Administrative (G & A)

Other Healthcare related expenses

Entities Receiving Over \$500,000

Required to disclose actual expenses in detail

G & A

Mortgage/Rent
Insurance
Personnel
Fringe Benefits
Lease Payments
Utilities/Operations
Other G&A

Other

Supplies
Equipment
IT
Facilities
Other

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Reporting Requirements

Lost Revenue

Total Revenue/Net Charges from Patient Care Related Sources

➤ Calendar year by quarter (Jan-Mar; Apr-Jun; Jul-Aug; Sep-Dec)

➤ By Payer Mix

Medicare A+B

Commercial

Medicare Part C

Self-pay

Medicaid

Other

Patient care – health care, services and supports. Excluding – insurance, retail or real estate values, except SNF and grants or tuition.

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Reporting Requirements

Lost Revenue

2019 Actual vs. 2020 Actual

- Revenue by Payor Mix for each calendar quarter (2020 & 2019)

2019 Budget vs. 2020 Actual

- 2020 Budget (approved before March 27, 2020)
- Attestation from CEO/CFO/Other to budget

Alternative Methodology

- Description & Calculation using the method selected
- Documentation on why method is reasonable
- Description of how lost revenues was due to COVID

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Reporting Requirements

Other

FINANCIAL

- List other Assistance
 - PPP Loan/SBA Assistance
 - Cares Act
 - FEMA
 - Reimbursement for COVID testing
 - Business Interruption
 - State, local and tribal assistance
- Interest earned on PRFs

NON-FINANCIAL

- Change in Ownership
- Personnel Metrics
- Patient Metrics
- Facility Metrics

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Single Audit



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New Programs

- CFDA 21.019 – Coronavirus Relief Fund (CRF)
- CFDA 32.006 – COVID-19 Telehealth Program
- CFDA 93.461 – COVID-19 Testing for Uninsured
- CFDA 93.498 – Provider Relief Fund

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Provider Relief Fund

- Schedule of Expenditures of Federal Awards (SEFA) reporting

Fiscal Year-End	SEFA Expenditure & Lost Revenue Reporting
On or before December 30, 2020	None
December 31, 2020	Based on December 31, 2020, PRF report
January 1, 2021, to June 29, 2021	Based on December 31, 2020, PRF report
June 30, 2021, and after	Guidance will be provided in 2021 Compliance Supplement

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Provider Relief Fund

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	N	N	N	Y	N	N

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Activities Allowed/Allowable Costs

- Used to prevent, prepare for, & respond to coronavirus, & that the payment shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to coronavirus
- 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
- Separate criteria for *Skilled Nursing Facility Infection Control Distribution* program

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Reporting

- Recipients must report for the calendar year ending December 31, 2020, & the six months ending June 30, 2021, as described in the General & Targeted Distribution Post-Payment Notice of Reporting Requirements issued September 20, 2020, & guidance issued by HRSA subsequent to the date of the compliance supplement addendum
- <https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/reporting-auditing/index.html>



For-Profit HC Entities Applicability

- Not subject to Single Audit
- HHS has indicated that for-profit entities will have two options
 - Financial related audit of the award or awards conducted in accordance with Government Auditing Standards
 - Audit in conformance with the requirements of 45 CFR 75 Subpart F (Single Audit)
- AICPA is working to provide guidance on option for financial related audit – needs HHS approval

Questions with Post Payment Guidance



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What Questions Do We Still Have?

Deadline for Reporting

Budgets for Organizations with non-Calendar Year-Ends

- Can organizations use 2020 budget-to-actual for the available period and 2019 vs. 2020 actual for months not covered by an appropriate?
- Would this approach represent an Alternative methodology (subject to higher audit risk)?

Will HRSA bless an alternative methodology for lost revenues that includes revenue comparison for only a limited amount of time?

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Questions?



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