

DZA
DINGUS, ZARECOR &
ASSOCIATES PLLC

**The Joy of
Provider Relief
Funds**


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September 2021

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Disclaimer

- DZA's best guess/interpretation
- This stuff changes a lot
- The final FAQs might be different, but hopefully close
- FAQs though July 15, 2021
- Reporting guidance through June 30, 2021
- August payroll/lost revenue guidance



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Outline

- Background/hierarchy
- How the funds can be spent
- How the reporting will look
- Audit considerations/risks



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Background/Purpose

- Passed initially through the CARES Act
- To ensure we had healthcare facilities
- Help those entities stay open by covering:
 - COVID-related expenses, and
 - Lost revenues



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Provider Relief Funds Paid

- General (3 phase)
- Targeted
 - Rural
 - Skilled nursing facilities
 - Nursing facilities
 - High impact
 - Nursing home infection control
 - Rural health clinic testing
- May be differing uses permitted for each
 - Means differing reporting for each
- More authorized via the Appropriations Act
 - Those were an application process



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Provider Relief Funds Paid

- Interest
 - Expenditures include interest earned
 - Unexpended interest to be returned



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Reconcile Your Payments to HHS

1. General - <https://data.cdc.gov/Administrative/HHS-Provider-Relief-Fund/kh8y-3es6>
 1. May include a rogue nursing home infection control payment from September and/or October
2. RHC –
 1. multiply \$49,461.42 times the number of separate RHC numbers
 2. About \$100,000 later for Covid expenses and mitigation efforts
3. Nursing home infection control - <https://data.cdc.gov/Administrative/Provider-Relief-Fund-COVID-19-Nursing-Home-Quality/bfqg-cb6d>
4. Add to your total interest earned on funds

Fun Fact: RHC is NOT included in this reporting so NOT included in the “funds received” amount—prepopulated as “other assistance”



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Terms and Conditions – General

- COVID-related expenses or lost revenue you can prove relates to:
 - Preventing COVID-19
 - Preparing for COVID-19
 - Responding to COVID-19
- Exclude those that were reimbursed or **should have been reimbursed** by another source
 - Vaccines
 - Tests
 - Billable drugs/supplies



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Terms and Conditions – General

- General prohibitions
- Reporting is required
- No balance billing COVID patients
- Public disclosure of funds received
- Payor of last resort (even after FEMA)
 - Should have billed and didn't? Estimate reimbursement and claim incremental



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Polling Question 1

- Which are in the terms and conditions?
 1. Payment will only be used to prevent, prepare for, or respond to coronavirus
 2. All information it provided is true, accurate, and complete
 3. Not used for gun control advocacy
 4. If IT costs, must block viewing, downloading, and exchanging of pornography
 5. Cannot use slave labor during grant period
 6. 1 and 2
 7. 1, 2, and 5
 8. All of the above



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Reporting – General

- Open
- Now includes reporting of infection control funds
- Funds not reported here:
 - Funds received after June 30 (yet)
 - RHC testing funds (that \$49,461.42) and later the \$100,000 (ever)



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Reporting – General

- Reporting includes nursing home infection control payments
 - Can**NOT** be used on lost revenues



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Reporting – Dates

- Period of availability all starts with January 1, 2020

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



Reporting Other

- Reporting portal: <https://prfreporting.hrsa.gov/s/>
- Resources on that page

Resources:

- PRF Resources and Key Links
- Reporting and Auditing Requirements
- Frequently Asked Questions (FAQs)
- Terms and Conditions
- General Information

- PRF Reporting Portal Resources
- Portal FAQs
- Registration User Guide
- Reporting User Guide
- Portal Worksheets

- Unused funds to be returned within 30 days after the end of the reporting period.
- Expenses first, then lost revenues (if not fully expended)



Polling Question 2

- Where are you currently in reporting?
 1. I've registered but that is it
 2. I have some stuff put together
 3. I've input data and am afraid to hit "submit"
 4. I put data in and hit "submit"
 5. Not my gig, man



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Reporting

- Agree HHS funds amount
- Add in interest
- Remember Shar's voice "the HHS funds will NOT include RHC testing payment"



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Reporting Other COVID Support

- Quarterly
- RHC funds are pre-populated (I hear Shar again, sigh)
- List all other COVID funds (should be expenses to support these amounts)
 - PPP list in quarter received (not forgiven)
- HHS funds are prepopulated
 - Add interest earned to this amount
- List COVID expenses (net of course) up to amount of PRF
 - Expenses greater than PRF:
 - Put remainder in next section “unreimbursed COVID expenses”
 - Only fill out total revenues for the period (only line for the year)
 - Expenses less than PRF—report lost revenues



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Other COVID Portal View

	Q1 (2020)	Q2 (2020)	Q3 (2020)	Q4 (2020)	Q1 (2021)	Q2 (2021)
RHC COVID-19 Testing Funds Received						
Treasury, Small Business Administration (SBA) (e.g., CARES Act/Paycheck Protection Program)						
FEMA Programs (CARES Act, Public Assistance, etc.)						
HHS CARES Act Testing						
Local, State, and Tribal Government Assistance						
Business Insurance						
Other Assistance						



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Reporting – Expenses

- Reminder:
 - Preventing
 - Preparing
 - Responding
- **Net of other reimbursed expenses**
- Normal method of accounting
- Segregate infection control costs first as those are more restrictive

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Reporting – Expenses

- Expenses first then lost revenue
- **Net of other reimbursed expenses**
- \$10,000 or less received
 - No reporting
- \$10,001 - \$500,000 expended
 - Administrative expenses
 - Healthcare expenses

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Reporting – Expenses

- \$10,000 or less received in a reporting period
 - No reporting
- \$10,001 - \$500,000 received: two categories, **six quarters**
 - Administrative expenses
 - Healthcare expenses



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Reporting Expenditures \$500,001 +

Net of other reimbursed expenses, quarterly

Administrative expenses

- Mortgage/rent
- Insurance
- Personnel
- Benefits
- Lease payments
- Utilities
- Other

Healthcare expenses

- Supplies
- Equipment
- IT
- Facilities
- Other



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Reporting Expenditures

- This section is what is left after other grants and such

If Providers received less than \$500,000 in Total Reportable PRF Payments, Table A is required.

Table A	Q1 (2020)	Q2 (2020)	Q3 (2020)	Q4 (2020)	Q1 (2021)	Q2 (2021)
General and Administrative (G&A) Expenses						
Healthcare Related Expenses						

If Providers received greater than or equal to \$500,000, Table B is required.

Table B	Q1 (2020)	Q2 (2020)	Q3 (2020)	Q4 (2020)	Q1 (2021)	Q2 (2021)
General and Administrative (G&A) Expenses						
Mortgage/Rent						
Insurance						
Personnel						
Fringe Benefits						
Lease Payments						
Utilities/Operations						
Other G&A Expenses						
Healthcare Related Expenses						
Supplies						
Equipment						
Information Technology (IT)						
Facilities						
Other Healthcare Expenses						



Unreimbursed Expenses

- If you have more expenses than covered by
 - PRF funds
 - Other COVID assistance
 - Cost-based reimbursement

Unreimbursed Expenses Attributable to Coronavirus	Q1 (2020)	Q2 (2020)	Q3 (2020)	Q4 (2020)	Q1 (2021)	Q2 (2021)
General and Administrative (G&A) Expenses						
Healthcare Related Expenses						



General Funds – Expenses

- Above and beyond what you would have paid without the pandemic
 - Supplies (I used twice the masks in a day!)
 - Emergency staffing
 - Temporary structures
- Calculation example:
 - Step one: what is the increase (amount of supplies or cost/encounter)
 - Step two: how much of that increase is related to COVID?
 - Step three: how much was reimbursed by other sources



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Cost Report Considerations

- Costs are claimed on cost report
 - Per HHS
 - Per CMS
 - Even if you want to claim them as PRF instead
- Revenues reported on fancy new line on G-3
- Medicaid may have specific requirements
 - If cost based and you offset, HHS doesn't care



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Cost-based Considerations

- Must discount what Medicare and Medicaid will pay
- Departmental (most accurate)
- Overall (likely good enough/reasonable estimate)
- Some liberties/considerations
 - Swing is listed with 1% CAH included
 - The others are not
 - No sequester consideration
 - Medicare pays 80% of RHC rate (in 2021 up to cap)

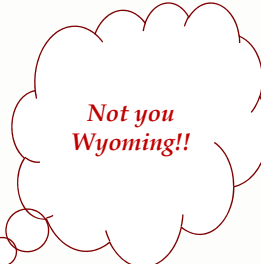


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SS1

Cost-based Considerations

	General Hospital
Total costs worksheet A, column 3	30,000,000
Medicare	
Inpatient, D-1	3,000,000
Outpatient, D,V	3,500,000
Swing, E-2	1,000,000
RHC I, M-3 line 16.05	500,000
RHC II, M-3 line 16.05	250,000
RHC III, M-3 line 16.05	100,000
RHC IV, M-3 line 16.05	
Total Medicare	8,350,000
Medicaid	4,500,000
Total Medicare and Medicaid	12,850,000
Est. CB %	42.83%



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Polling Question 3

- My cost-based percent is 43% and I purchased \$10,000 in body bags
 - I can claim \$10,000
 - I can claim \$4,300
 - I can claim \$5,700

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Qualifying Expenses

- Capital
- Salaries (includes contractors)
- Other
- Per unit increases
- Cost-based considerations

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Capital

- HVAC systems
- Diagnostic equipment
- Segregate entrances
- Vaccine freezers
- Temporary structures (or permanent)
- Ventilators
- Changes to improve infection control in general
- Reporting software
- Flooring (carpet to linoleum)
- Furniture (cloth to plastic)
- Items allowing less patient contact
- Really, anything you purchased because the pandemic



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Salaries

- Incident command
- Security
- Temperature takers
- Time reporting COVID stats
- Hazard pay
- Changes in nursing/staffing patterns (like added nurses because of COVID unit)
- EMS outside vaccine clinic
- Look through schedules—talk with department managers



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Salary Reminders

- Subject to Executive Level II
 - \$197,300 in 2020
 - \$199,300 in 2021
- Carve out PPP period
- Carve back in PPP period
 - COVID salaries between \$100,000 and Executive Level II



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Other

- PPE (more than used prior)
- Testing on employees as condition of work
- Telehealth set up
- Remote work computers/desks/internet
- Did you know you can buy body bags from Amazon?
- Technology purchased for residents to visit with relatives
- Benefits



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Per Unit Increases

Example removed from June 11 guidance

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 3/31/2021)

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 provided those expenses have not been reimbursed from other sources or that other sources are not obligated to reimburse. For example, assume the following:



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Per Unit Increases

- Adjust 2020 expenses
 - Pull out direct COVID costs
 - Pull out PPP salaries covered by forgiveness period
- Compare by department to 2019 (pre COVID)
- Calculate if there is an increase per unit
- Substantiate increase is due to COVID
 - Clinic protocol changed scheduling from every 15 minutes to every 30
- Decrease by any payor increasing their payment
 - Cost-based
 - Nursing home add on



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Per Unit Example

Pre Pandemic

- Costs = \$500,000
- Days/units/tests = 1,000
- Cost/unit = \$500

Post Pandemic

- Costs = \$600,000
- Less:
 - PPP (50,000)
 - Direct Covid (5,000)
- Net cost = \$545,000
- Days/units/tests = 900
- Cost/unit = \$605
- Increase is \$105/unit



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Polling Question 4

- I calculated a \$40 marginal increase for bone density. What constitutes auditable evidence?
 1. Schedules reflecting 15 minute appointments before and 30 after
 2. Words "due to COVID"



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Lost Revenue

- Only report if you do not have expenses that cover all your funds
- Entered by quarter
- Quarters analyzed separate
 - Gain in one quarter does NOT offset loss in another
- By payor
 - Medicare
 - Medicare advantage
 - Medicaid and CHIP
 - Commercial insurance
 - Self-pay
 - Other—actual gross revenues/net charges from other sources **received for patient care services** and not included in the list above



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Lost Revenue

- Actual to actual
 - 2021 quarters compared to same quarter of 2019
- Budget to actual
 - Budgets must be approved before March 27, 2020
 - Cover period of availability
 - 2021 quarters compared to 2021 budget
- Any reasonable method

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Revenue to Support Patient Services (from FAQs)

Should providers include fundraising revenues, grants or donations when determining patient care revenue? *(Added 12/4/2020)*

Last updated: 3/31/2021

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To calculate lost revenues attributable to coronavirus, providers are required to report revenues received from Medicare, Medicaid, commercial insurance, and other sources for patient care services. Other sources include fundraising revenues, grants or donations if they contribute to funding patient care services.

Providers may have significant fluctuations in year-over-year net patient revenues due to settlements or payments made to third parties relating to care delivered outside the reporting period (2019-2020). Should Provider Relief Fund recipients exclude from the reporting of net patient revenue payments received for care not provided in 2019 or 2020? *(Added 11/18/2020)*

Provider Relief Fund recipients shall exclude from the reporting of net patient revenue payments received or payments made to third parties relating to care not provided in 2019 or 2020.



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Lost Revenue

Include

- Net patient service revenue
- Miscellaneous revenues that support patient care
- Operating grants that support patient care
- Donation that support patient care
- 340B contract revenue

Exclude

- Retail revenue
 - Pharmacy
 - DME
- Rental income
- Capital grants
- Other COVID grants
- Investment income
- Bond tax
- Prior year settlements



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Any Reasonable Method

- Cannot also use marginal cost for same reason
- Consistent calculation
- Narrative stating method and why it is reasonable
- Demonstrate how the loss is due to COVID
- HRSA will review method and kick back if they do not like it
- Consider using budgets approved before the pandemic under this method
- Added department/service
 - Could add two data sets together



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Revenue Reporting

- All PRF fund expenses greater than or equal to funds

2019 Actuals (Calendar Year)
2020 Actuals (Calendar Year)



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Option 1 Actual to Actual

Total Revenue/Net Charges from Patient Care	Q1 (2020) Actuals	Q2 (2020) Actuals	Q3 (2020) Actuals	Q4 (2020) Actuals	Q1 (2020) Actuals	Q2 (2020) Actuals	Q3 (2020) Actuals	Q4 (2020) Actuals	Q1 (2021) Actuals	Q2 (2021) Actuals
Medicare A+B Description: The actual revenues/net charges received from Medicare Part A+B for patient care for the calendar year.										
Medicare C Description: The actual revenues/net charges received from Medicare Part C for patient care for the calendar year.										
Medicaid/Children's Health Insurance Program (CHIP) Description: The actual revenues/net charges received from Medicaid/Children's Health Insurance Program (CHIP) for patient care for the calendar year.										
Commercial Insurance Description: The actual revenues/net charges received from commercial payers for patient care for the calendar year.										
Self-Pay (No Insurance) Description: The actual revenues/net charges received from self-pay patients, including the uninsured or individuals without insurance who bear the burden of paying for healthcare themselves, for patient care for the calendar year.										
Other Description: The actual revenues/net charges from other sources received for patient care services and not included in the list above for the calendar year.										



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Option 2 Budget to Actual

Total Revenue/Net Charges from Patient Care	Q1 (2020) Budgeted	Q2 (2020) Budgeted	Q3 (2020) Budgeted	Q4 (2020) Budgeted	Q1 (2020) Actuals	Q2 (2020) Actuals	Q3 (2020) Actuals	Q4 (2020) Actuals	Q1 (2021) Budgeted	Q2 (2021) Budgeted	Q3 (2021) Actuals	Q4 (2021) Actuals
Medicare A+B Description: The actual revenues/net charges received from Medicare Part A+B for patient care for the calendar year.												
Medicare C Description: The actual revenues/net charges received from Medicare Part C for patient care for the calendar year.												
Medicaid/Children's Health Insurance Program (CHIP) Description: The actual revenues/net charges received from Medicaid/Children's Health Insurance Program (CHIP) for patient care for the calendar year.												
Commercial Insurance Description: The actual revenues/net charges received from commercial payers for patient care for the calendar year.												
Self-Pay (No Insurance) Description: The actual revenues/net charges received from self-pay patients, including the uninsured or individuals without insurance who bear the burden of paying for healthcare themselves, for patient care for the calendar year.												
Other Description: The actual revenues/net charges from other sources received for patient care services and not included in the list above for the calendar year.												



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Option 3 Any Reasonable Method

Alternate Reasonable Methodology	Q1	Q2	Q3	Q4
2020 Lost Revenue				
2021 Lost Revenue				

Narrative:

Only adding in quarters with loss, rest are zero



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Polling Question 5

- Risks to quarterly revenue as stand alone calculations:
 1. Allowance entry once a year
 2. Lump sums
 3. Cost report settlements
 4. Prior settlement
 5. Completeness (ties to something)
 6. Answers 2, 3 and 5
 7. All of the above



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Audits

- Expend more than \$750,000 = single audit
 - Includes some of those state pass-through grants
- Audit period based on reporting
 - 6-30 hospitals are first in line
 - 12-31 will have two reports on their 12-31-21 year
- Hospital's goal: maximize (completeness)
- Audit's goal: verify (overstatement)
- Reasonable calculation
- Auditable evidence

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Audits

- Risks:
 - Double dipping
 - PPP for salaries and claimed here
 - State grant used to cover same expenses
 - Income manipulation
 - Bias in calculation
 - Quarters consider lump sums and cost-based settlement
 - Expenses not discounted (CAH)
 - Expenses not COVID related
 - Balance billing
- Reasonable calculation
- Auditable evidence

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Audits

- Will get to materially correct
 - Means large items will be tested
 - Others will be sample
- Revenue recognition on your financial statements will likely differ than reporting
- OIG
- OMB
- HRSA
 - Third lost revenue option
 - Targeted distribution reallocated to subsidiaries



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Not Playing Nice

- Recoupment or legal action
- Intentional wrongdoing in reporting
 - Penalties (civil, criminal, or administrative)
 - Medicare billing privileges
 - Exclusion
 - Fines
 - Prison
 - #falseclaimsact
- Unused funds to be returned, method unknown



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