

# Provider Relief Funds: Post-Payment Notice of Reporting Requirements



## ARTICLE 10.05.20 DEAN DORTON

Recipients of provider relief funds agreed to Terms & Conditions, which require compliance with reporting requirements as specified by the Secretary of Health and Human Services in program instructions. Our team of healthcare experts break down some of the requirements here!

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) and Health Care Enhancement Act (P.L. 116-139), appropriated funds to reimburse eligible healthcare providers for healthcare related expenses or lost revenues attributable to the coronavirus. These funds were distributed by HRSA through the CARES Act Provider Relief Program (PRF program). Recipients of these funds agreed to Terms & Conditions, which require compliance with reporting requirements as specified by the Secretary of Health and Human Services in program instructions.

On September 19, 2020, the Department of Health and Human Services released the post-payment notice of reporting requirements. Below are excerpts from the notice but you can view the entire notice by following the link below:

### [POST-PAYMENT NOTICE OF REPORTING REQUIREMENTS](#)

#### **Step 1: Reporting Guidance on Use of Funds**

Recipients will report their use of PRF payments by submitting the following information:

1. Healthcare 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 healthcare related operating expenses (further defined within notice).
2. PRF payment amounts not fully expended on healthcare related expenses attributable to coronavirus are then applied to lost revenues, represented as a negative change in year-over-year net patient care operating income (i.e., patient care revenue less patient care related expenses for the Reporting Entity, defined below, that received funding), net of the healthcare related expenses attributable to coronavirus.

#### **What expenses can be considered allowable?**

General and Administrative Expenses Attributable to Coronavirus

1. Mortgage/Rent
2. Insurance
3. Personnel
4. Fringe Benefits

5. Lease Payments
6. Utilities/Operations
7. Other General and Administrative Expenses

#### Healthcare Related Expenses Attributable to Coronavirus

1. Supplies
2. Equipment
3. Information Technology
4. Facilities
5. Other Healthcare Expenses

### **What are “Expenses Attributable to Coronavirus?”**

Footnote 2 of the notice defines this as “expenses attributable to coronavirus may be incurred in both direct patient care overhead activities related to treatment of confirmed or suspected cases of coronavirus, preparing for possible or actual coronavirus cases, maintaining healthcare delivery capacity which includes operating and maintaining facilities, etc.”

This is important because many healthcare organizations incurred significant expenses to maintain personnel, facilities and supplies to ensure there was adequate capacity for Coronavirus care.

Once you have determined the amount of expenses allowed to be considered under this program, you can calculate lost earnings that can be recouped with the provider relief funds for the remaining unallocated funds.

### **Step 2: Lost Revenues Attributable to Coronavirus**

Providers who have provider relief funds remaining after considering expenses will provide information used to calculate lost revenues attributable to coronavirus, represented as a negative change in year-over-year net operating income from patient care related sources. Once revenue information is provided, cost/expense impacts will be calculated based upon a calendar year comparison of 2019 to 2020 healthcare expenses to determine net operating income. Revenues and expenses include all lost patient care revenues and patient care cost/expense impacts.

### **What should I do now?**

Start by reading reviewing terms and conditions of provider relief funds along with FAQ’s from HHS, your individual award notifications, and applicable grant agreements. You will need to report your use of these funds in 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, or to apply toward lost revenues in an amount not to exceed the 2019 net gain. For example, the reporting period January – June 2021 will be compared to the same period in 2019. Please feel free to reach out to us if we can be helpful in assisting you with these reporting requirements.

To see how Coronavirus is effecting all aspects of business, visit our COVID-19 Resources page!

[COVID-19 RESOURCES](#)