Olivia Peterson (00:01):

All right. We are going to go ahead and get started. Hello again, and welcome, everyone, to today's event. This is the Finance Office Hours for Health Centers, and today we are going to be covering Provider Relief Funds. On behalf of the National Association of Community Health Centers, my name is Olivia Peterson, and I'm a Training and Event Program Specialist here in the Training and Technical Assistance division. I will be supporting this webinar as your technical host today, and I'm very pleased to bring you this event along with my colleague, Gervean Williams, who is the Director of Health Center Financial Training here in the TTA division, and who will be getting started in just a moment.

Before we get started, I have just a few quick housekeeping items to review with you all. Please note that this event is being recorded. The recording will be made available to you all within the next two weeks via the health center clearing house. For a copy of today's slides, we will be sending an updated version of the slide deck directly after this webinar, so please keep an eye out for that. It will come from trainings@nachc.org. And then after the webinar, you will be directed to an evaluation for this event. We really encourage you to fill this out, as it informs our future trainings, and we value your feedback.

You will notice, when you join today's event, that your lines were automatically muted. If you have any issues with your audio throughout the duration of the event, we recommend calling into the webinar, which you can do by going to the unmute button at the bottom of your screen, clicking the arrow next to it, and selecting switch audio, and call in. We were able to collect the questions we received at registration, so thank you for submitting those. If questions do come up, or comments during the webinar, please go ahead and submit those using the Q&A panel at the bottom right hand side of your screen.

We will be monitoring the Q&A box, so please make sure that you submit your questions to all panelists, so that we can make sure that we see those and direct them as appropriate. We expect that there will be a lot of questions coming in today, so we will do our best to answer them all. And then any ones that we do not get to during the live event, we will save and follow up with afterwards. Now, without any further delay, I am going to hand things over to my colleague Gervean Williams, who will get things started for us and introduce our speakers for the day. Thank you so much. Take it away, Gervean.

Gervean Williams (02:10):

Thank you so much, Olivia. Thank you all you guys who are logged in for today. So, we are going to go over some Provider Relief Funds. There's still a lot of questions that we probably need to... will be maybe unanswered, but we'll do our best to follow up and answer any of your previously submitted questions and live questions for you. I will say that afterwards, we will have a Q&A document that we will post on our website and send out to all the registered attendees, so that we can make sure that we respond to your needs. With that, as Olivia said, you can submit your questions via the chat, or you can raise your hand, so we can unmute you later on in the presentation. But your participation is very important and very vital to us to making sure that this is a very good learning experience for you.

So we're going to talk about regulatory overview, which my colleague, Vacheria is going to talk about. And then I'm so excited that we have some of our HRSA colleagues on board to talk about Provider Relief Funds. And then we're going to have some secrets from Feldman Tucker, and BKD. But with that, as I'm going to turn it over to our next presenter, Vacheria, to talk about an overview and introduce our speakers. Thank you.

Vacheria Tutson (03:26):

Thanks, Gervean. Hello, everybody. So my name is Vacheria Tutson, I am the Director of Regulatory Affairs here at NACHC. I echo Gervean's excitement, I'm very excited to introduce our two next speakers, Stephanie Sowalsky, and Betsy Wien, from HRSA. They have been working on a Provider Relief Fund, and they have been very supportive of the health center community, and working with us as we've been trying to understand the FAQ's and the new reporting guidance that came out a few weeks ago. I just want to set the stage for you all, as we know that there's been a lot of confusion around how to report things, what categories would they go into, and how does all this funding tie together with American Rescue Plan and the CARES Act, and the different funding that's came down through COVID.

So, today, our HRSA colleagues will give you some advice, but also give more clarity, and we hope that that will help you. But just want to let you know that we do have support after this, and so we will be able to answer any additional questions that you will have based on the information you learn today. But NACHC was aware that this was an area that we needed to provide more insight on and clarity to, so please don't ever hesitate to reach out to if it's Gervean or I, or any other NACHC staff that you know, if you ever need more assistance on the regulatory front, or just understanding what certain things mean for health centers. But would love to turn it over to our HRSA colleagues, as they really understand the health center mission, and will give you more insight into the reporting requirements for the Provider Relief Fund. Take it away, Stephanie.

Stephanie Sowalsky (05:00):

Thank you so much, I appreciate it. Thank you for having us here today. What we want to do through the next just 20 minutes is really provide you with a snapshot about the Provider Relief Fund, some of our updated reporting requirements, and hopefully, provide some clarity around some of the questions that you have asked, and just some of the confusion as it pertains to the Provider Relief Fund. So, again, I'm not going to go through all of these slides here today, but what I'm going to try to do is just address some of the questions that you answered. And then Betsy and I will take some of the live questions that you're putting throughout at the end of the presentation, as well. And then as it was already discussed, we'll also provide you with any follow up, or point you in the right question to where we do have FAQs around this.

So the information that you will see on these slides today is actually a combination of a few of the different webinars that we've conducted through the Provider Relief Fund, and so I do just want to point your attention to those webinars. You can find those webinars, both recordings of the webinar, as well as the slides for the webinar, on our Provider Relief Fund website. So there was one that was held on July 8th, another on July 14th, and another on July 20th. They covered things such as the reporting requirements that we'll talk about today, they also covered lost revenues, period of availability, and then all about how to use the reporting portal. So I do urge you, if you have not seen those, to go to those. Those are available as resources in our slide deck today. So just going on to the next slide. Okay. So sorry, just next slide, as well.

So just wanted to reiterate some Provider Relief backgrounds for you. As you know we have a lot of funding, upwards of $178 billion for the Provider Relief Funds, and just wanted to reiterate that all of our payments must be used for healthcare-related expenses to prevent, prepare for and respond to Coronavirus, or lost revenues attributable to COVID-19. Just wanted to, again, bring your attention that Provider Relief Fund payments are not grants. So hopefully, today we'll be able to clarify some of the requirements for the Provider Relief Fund, since I know these are different than the health center grants that you typically receive from HRSA to manage.

So just going on to the next slide here. So just to talk about some of the reporting requirements, you all should be very well aware about when you received your payments, you did have to attest to terms and conditions. And if you received one or more payments exceeding $10,000 in the aggregate during any one payment received period, then you are required to submit reporting. So your reporting is useful to us at HRSA, because unlike a grant, where you're drawing down the funds as you need it, and unlike you providing reports to HRSA on an annual basis through the [inaudible 00:08:36]. Sorry.

The recording is the way that we will see how you use your funds. So we've created the reporting portal, and attempt to be able to capture your use of funds through expenses, as well as lost revenues. So there are different reporting periods that are clickable, depending on when you received your payment. So we'll talk about that a little bit more as we go through the slide deck. So just continuing on through the slides.

So a period of availability. Wanted to bring everyone's attention to this. This is in the June 11th reporting requirements, but wanted to raise your attention that this period of availability, as you see here, we've clarified this through our webinars, but all funds can be used retroactively to January 1st 2020. So regardless of when you received your payment, you can identify expenditures that you've occurred back to January One of 2020, and charge it to the Provider Relief Fund.

So depending on your payment received period, that will identify the end period in which you can use funds. So for example, if you received funds on June 1st of 2020, you have until June 30th of 2021, which has already passed, to use your funds. And then you would provide your report to HRSA between July One and September 30th. So, hopefully, this helps clarify when you need to report. But I do just want to mention that if you did receive payments during multiple periods, you can not report early, and you also cannot report late. So you must complete a report in each and every one of these periods that correlates to the payments that you received.

So again, these slides are [inaudible 00:10:49] for reference for you all to make sure that you can see payment received period, period of availability, and that reporting time period. So we've got this question a lot, but any unused funds... So if you received a payment, and you did not use your payment in entirety by that deadline to use funds, this middle column here, on these slides, then you must return any unused funds. So there is no extension on the use of funds. Any unused funds need to be returned within 30 days after the end of the deadline... or sorry, after the end of the reporting period. So again, just using that first example, you received payments on June 1st of 2020, then when you report, by the end of the reporting period, September 30th, you have one month, or 30 days, to return any unused funds. There are instructions on our website, as well as in the reporting portal, on how to actually return those unused funds.

So this is just some reporting reminders for you, and just noting, again, there's no extensions, no early reporting, all reporting is in the time period based on that payment received period. We went through some really good examples during our July 20th webinar. You can see those examples highlighted here. But I urge you to go to the July 20th webinar, listen to the webinar for any additional information, if these examples need more clarity around them. But you are required to report on all payments received during the entire payment received period, and we've been getting a lot of questions with regards to that.

Another key thing that we've been getting questions with regards to, is, well, what supporting documentation am I required to put into the reporting system when I'm reporting? So we wanted to draw your attention to the fact that the only supporting documentation that's required to be submitted into the Provider Relief Fund reporting portal is for lost revenues. We're not requiring you to submit any supporting documentation for expenditures. You need to maintain that supporting documentation, but you not need to submit it. So the two pieces in which you will need to submit it into the portal is if you use method two, or method three for lost revenues, and we'll talk about that in a few more moments.

So period of availability, reminders. We've been getting a lot of questions. I think we'll hit on some questions today with regards to services, tangible property, renovation and construction contracts. So just to bring your attention to this, it's the period of availability that will determine whether the expense is an allowable expense. So if it's pertaining to services, the services must be fully executed or completed during the period of availability. But if you do have a service contract, and that service contract is partially completed during the period of availability, you can charge the proportionate share of those services to the Provider Relief Funds.

Tangible property does not need to be in hand by the end of the period of availability, but you must have purchased it before the end of the period of availability. So if we're talking about something like PPP, then that tangible property, or those masks or gloves do not have to be in hand. But let's say they're on back order by two months, you order them on June 20th of 2021, you receive them on July 20th of 2021, that is okay. They don't need to be in hand, they don't need to be paid for. As long as you're on the accrual basis of accounting, you just need to have ordered them prior to the end of the period of availability. But it does differ when you're talking about, again, those services, renovation, or construction contract. So if you have any confusion as it relates to that, please submit your questions, and we'll be happy to address those further.

Now getting into lost patient care revenues. So this is just a reminder of all of the things that cannot be included in the calculation for lost revenues. Your lost revenue's calculation has to only include lost revenues from patient care. It cannot include any of your auxiliary services, or if you have a gift shop at your location, you cannot include those loss in revenues in your lost revenue's calculation for the Provider Relief Fund.

We get this question a lot, which is why we wanted to highlight this for you, is that that same period of availability that's used for determining expenses or expenditures is the same period of availability in which you can calculate lost revenues. So your lost revenues have to be revenues that were incurred during that period of availability January One 2020, to June 30th 2021, if we're talking about period one. Now, we do recognize that there is an overlap between all of the reporting periods for that January One 2020, to June 30th 2021. But what we're anticipating to do is in subsequent reporting periods, if you are required to report in more than one, it will use what you submitted during your first reporting period for your lost revenues, and any lost revenues that were not fully captured during reporting period one will then be able to be captured by future Provider Relief Funds payments.

So again, that's a question that we've been getting. We've been hearing things such as carry forward. So it's not necessarily a carry forward, it's just a use of the Provider Relief Fund for costs that were incurred during... or for lost revenues that were incurred during that period of availability that were not fully captured. So I'm not going to go through the options today in lots of detail, but option one, differences between actual patient care revenues. So we use 2019 as a baseline, and then you need to submit your actuals during the period of availability, 2020 and 202. As of right now, no supporting documentation is required to be submitted.

Option two, difference between budgeted and actuals. For option number two, you are required to submit your budget, as long as your budget was approved before March 27 2020. It could be more than one budget, but all budgets submitted, if you elect to use option number two, must be approved before March 27th 2020, and it must be for the entire period of availability. And then you're also required to submit an executive level attestation that the budget was established before that March 27th 2020 date.

The last one, alternate reasonable methodology. This is the method that provides most flexibility. Please use this method if you cannot comply with the requirements of option number one or option number two. But with this method, you will be required to submit a narrative documentation, and you will be required to submit a calculation of your lost revenues attributable to Coronavirus. And then just a comparison option here just to help you understand the difference between all of our lost revenue options, some best practices for lost revenues. Shortly, we will be submitting a lost revenues. We will be, sorry, publishing a lost revenues guide. So stay tuned for that. Some of these best practices that were communicated during our webinars will be in that lost revenues guide, so stay tuned for that. It will help providers be able to determine what lost revenue method to use.

And then this is a question that we get a lot. I know we'll be talking briefly, or BKD will be talking briefly about how this relates to single audit. So just wanted to mention here, lost revenues should be considered and added to the schedule of expenditures for federal awards for single audit purposes. So now, just jumping into some of the questions. I guess, just to check on time first, before we answer a few of the questions we have on our end.

Gervean Williams (20:15):

You're good with time, Stephanie. Keep going. Thank you.

Stephanie Sowalsky (20:18):

Okay, great. Betsy, so I'll turn it over to you, if you want to jump in some of the questions.

Elizabeth Wienad (20:31):

Sure. So one of the questions that we've gotten so far is related to contractual adjustments, which we know is something that we've gotten a lot of inquiry on. So the question is on slide 18, it says, you can't use contractual adjustments for lost revenue. This is an integral component to calculating that patient revenue. Can you explain what exactly we're looking for with contractual adjustments being excluded from patient care revenue?

Stephanie Sowalsky (21:06):

Yeah. So we've actually received this question multiple times, and we know that there's some confusion. We've actually tried to revise our FAQ to better capture some of the questions. But in doing so, I think we've actually confused the individuals who understood this question ahead of time. So we're actually in the process of trying to update our FAQs on this one. But the way that we want you to think about it is... I'm going to give an example. So let's say that you're billing for $5,000, your contractual adjustment is for $3,000, so you anticipate getting paid the $2,000. We want you to include that $2,000, not the $5,000.

So when we say it's excluded, it's because we are starting at the $2,000 mark, saying, don't include that $3,000 contractual adjustment to get you to $5,000 amount that you build. Hopefully, that provides some clarity. We will be issuing an FAQ soon, that includes that as an example. So, Betsy, I'm going to ask you this next one that came in. So this next one is, we plan to use the funds for lost revenue due to COVID. What documentation is going to be required? What information is going to be needed regarding staffing? And then, do we need to retain it for audit purposes?

Elizabeth Wienad (22:58):

Sure. Thanks, Stephanie. So, per the terms and conditions, there is a requirement to retain documentation for three years. However, as part of the reporting process, reporting entities are not required to submit documentation. There is a worksheet that folks can fill out, but that, again, is not going to be uploaded, it's just a tool to help you get prepared to report. So, I would point you to the terms and conditions that govern these payments for the documentation requirements that you need to retain, but please know that you don't have to upload any documentation as part of reporting.

Stephanie Sowalsky (23:44):

Since Betsy just mentioned that data entry worksheet, I do want to bring your attention to that, because I know I did see a few questions that came in that said, if I use all of my money on... or if I used all my money on expenses, do I need to fill out lost revenues? And we subsequently also received the question of, if I use all my money on lost revenue... if I used all my money on expenses, do I need to fill out lost revenues, and vice versa?

So if you use 100% of your payments on expenses, expenses is what you'll submit in the system first. So the reporting portal is sequential. So once you get through the expenses, if you've used 100% of your payment on expenses, then what we ask you to submit is the screenshot that says actual patient care revenue. So if you go to that data entry workbook, the actual patient care revenue will still need to be submitted, but lost revenues option one, two, and three does not need to be completed.

Now, vice versa, if you spend all your money on lost revenues, again, because the portal requires you to go through expenses first, you must go through the expenses, and enter all zeros for all expenses before you get to the lost revenues tab. So hopefully, that provides a bit of clarity on that. I'm just looking through some of the other questions that we received before this. We've received some questions on, how do we get help with registration? So just wanted to point your attention to our resources and technical assistance slide here. You can call the provider support line.

Just looking through. I saw a lot of questions coming in with regards to documentation, the one that Betsy just mentioned, and then just, what documentation needs to be submitted to the portal. So hopefully, the information that we provided was able to help clarify that. We've gotten a lot of questions about single audits, what should be included in the SEFA. But I do want to hold off on those questions, because I do not want to steal BKD's thunder for you today. I think for now, it seems like, just scrolling through the questions, that at least all of the pre-submitted questions that have been provided to us, we did address most of them today. If you did have a question and we didn't address it, please put it in the chat box or the Q&A box, and hopefully, we'll be able to answer it towards the end, when we address last questions.

Gervean Williams (26:55):

Thank you so much, Betsy and Stephanie, for that. So now we'll go ahead and turn it over to our partners at Feldman Tucker, then we'll turn it over to BKD.

Edward Waters (27:05):

Thanks, Gervean. So hi, everybody, Ted waters. I know we're very tight on time. I just wanted to make a few points. Here's my email, anybody... which I think many of you have seen. I think Stephanie already mentioned, this is a slide we use in our training, some of you may have seen it, about the difference between grants and procurement contracts. But this PRF is direct payments for specified use, it's not a grant. But as many of the concepts that Stephanie was talking about are grant-like, such as the period of availability, and the liquidation of an obligation after you've entered into that obligation, but the liquidation after the period of availability. So I think, not grants, but kind of grant construct. Very important.

In that, there are two things that I really wanted to talk about very quickly. One is the terms and conditions. So, you may have heard me or many others say the initial terms and conditions seem to have gotten a little bit lost in the shuffle. What I mean by that is when HRSA put this money in your bank account last April, May, June, whatever, you agreed to the terms and conditions that were fairly broad brush, and that's the next slide. And then in the ensuing year or so, it seemed like there were a lot of new terms and conditions being added.

My hat's off to our friends at HRSA, because I think now we've done a level set, and we're back to where we need to be. This is the link to the CFDA notice that just came out, I think, a few weeks ago. Very important, because in that, all those twists and turns in the last year and a half or so, or 15 months, there was the CFDA notice that's on the same website, said that both Subpart E, the Cost Principles and Subpart D, all the federal grant ministration requirements applied to these fundings, that was, frankly, not in the terms and conditions, and a big problem.

The 2020 compliance supplement also, or the compliance supplement addendum reiterated the cost principles applied. Again, two thumbs up, it's been straightened out that those requirements do not apply to these funds. So we don't have Federal interest, we don't have procurement rules. None of which means that we're open season, but we don't have to do time and effort, and all that's... Even though I love time and effort, that's a good thing. So if you want to check the CFDA notice, there will be the 2021 compliance supplement coming out, but it has to track the CFDA notice. So look for that.

What terms and conditions do apply? [inaudible 00:30:20] terms and conditions that you signed, but this is a summary in the FAQ is from December. A couple of things Stephanie mentioned, record retention, or Betsy mentioned. Three years from the end, at least in the case of grants from the last report submitted. I would try to treat that the same. So three years from when you finish your PRF reporting. Three years, though, frankly, is short. So I would think maybe more like seven years.

The other thing is that audits are coming, and you want to make sure that we are prepared for those audits. Health centers got a lot of money, not just PRF, of course, and perhaps PRF is, maybe, the smaller of the buckets. But the same concepts, whether it's HRF, or PRF, or PPP, or all the other acronyms, that some of the things in these requirements are things that should be kind of bread in the bone, which is financial management standards, internal control standards, record retention.

I wanted to go quickly to the next. Just, to me, the heart... This, by the way is chapter 15 of the compliance manual, the heart of grant accounting, and now, I guess PRF accounting is 75302, which is that you have a financial management system. Just to make it easy, I bolded the one thing that I mention all the time, source and use of funds. So we have to say we took these dollars and used them this way, whether it is expenses, whether it is lost revenue, the justification for keeping the money, the question is, what money did we take? How did we use it? You always have to be able to answer that question.

Again, I don't care whether it's PRF or federal grants, or if some of you, you're a federal contractor. But that then leads to my last slide, I moved it Spider-Man too far over. But you have the responsibility there is in the FAQs, but this... I could send you chapter and verse of all that HHS department appeals board cases on the fundamental principle that you as a recipient of these federal funds have the burden of proof to show how you use the funds. You can't say, "Well, gee, federal government, try to figure it out. Catch me if you can." It is your responsibility. Just like provide a relief, all your grant funding your SF-425, those of you that fill that out know these are all very, very high level cursory reports, and you are responsible to have that documentation in your back pocket to support how you use the funds, source and use, and what you put on these reporting portals, or on the 425, or in any other performance report, or what have you.

As I said, in the very bottom bullet point that Spider-Man cut out, what to report, should you get... be lucky enough to get a visit from the Office of Inspector General or the Division of Financial Integrity, or what have you, they're going to start with your reporting and work backward. Not just mine, I think everybody on the phone would agree, and everybody in my firm would agree, what we want to see... Because again, audits are going to happen two years, three years, five years from now. Nobody's going to remember. Hopefully, we're all going to forget the last two years. So what do you want to do? I want, if I'm your lawyer, contemporaneous documentation of what you did.

I put it in here the word probative, it's a legal term, but it means how legitimate or how accurate and how valuable this documentation is, and it's more probative if it's contemporaneous, which is, if you do a memo to the file now, as you're filling out your PRF reporting for phase one or phase two of the funding, that has more value if we are in a... frankly, a dispute with the federal government than something you do three years from now, when you're looking back and memories fade, and so on and so forth.

So, contemporaneous documentation, always a good practice, especially in times... whether it is COVID funding today, Recovery Act funding last time, the next thing coming up, which will happen. It seems like every 10 years, we have one of these. So, having [inaudible 00:35:25] the file. And then what do we want to see? At least what I want to see, what data did you rely on when you were filling out these reports? Again, using the money, where did data come from? So you can replicate it. Not, again, memory is a bad tool. Have it a blueprint. Our justification and logic for saying why we think we met whatever standard.

I keep thinking back to those of you... Many of you got PPP funds. You remember that? About a year ago, we had to show that we had a legitimate belief that the sky was falling, basically. Documented then is so much more valuable than documented now. It's like, "Oh, yeah, a year ago, I really was really worried." That's not the same. So it's not just data, it's not just where we got the data, but then putting the pieces together, and following up with the conclusion, this is why we believe we have the right to keep the PRF funds. That's how the number has gotten in the reporting portal, and so on and so forth.

And then the last thing I wanted to say is, as Stephanie mentioned, you have 30 days after the end of the reporting period. If you don't think you have the right to keep the money, there's no rush. That means we've got two months. Right now, we have two months, at least for period one, to report. The rules have changed. I think there's going to be more, sounds like, for sure, amendments to the FAQs. So let's not rush to give all the money back. Let's do it carefully, deliberately. But if it turns out that we don't... we have excess funds we don't have the right to, then we absolutely need to get it back. So, okay. So that's a few thoughts, and there is Vacheria now, the only other lawyer on the phone, I think. Oh, there is [inaudible 00:37:25]. Right. I was excited [inaudible 00:37:30].

Jeff Allen (37:34):

[inaudible 00:37:34]. Oh, there you go. Thank you, ted. Lots of good things to think about. Really, the audit side is no different. A lot of complexity in this. Of course, the last 15, 16 months has generated just a ton of questions about, how do we treat this? There's all kinds of... Do we recognize the revenue now? What if we don't know if we can spend it, yet? There's lots of questions like that, as far as that gap accounting, and how that all works, and how it should be recorded in our financial statements. That's certainly been a big question. But now we've got single audit considerations.

So really, effective June 30, and Ally Jackson is going to go through this here in just a minute, we've got really this whole thing about auditing those Provider Relief Funds. So, all those provider refunds, of course, if they're over a certain threshold will have to be audited by your financial statement audit. That will be a piece of that, as well. Obviously, OIG, integrity units, things like that always have the ability to come in and look at anything they'd want to look at as far as the funding that you receive. So those are audits that are certainly considered there

This afternoon, I've asked Ally Jackson, who is in our national office of BKD... She seems to be getting a lot of these questions around a lot of these types of issues about, how is BKD going to audit these? What do the guidance say? How do we work through this? I've asked her to jump on here this afternoon, and really take us through some of these considerations on the accounting and finance and single audit side to make sure and bring these issues up and talk about them today. So I'm going to introduce Ally Jackson right now, and Ally, feel free to jump on and take this away.

Ally Jackson (39:22):

Thanks, Jeff. All right. So Stephanie already talked me up a little bit. I feel like we want PRF answers from person more than we want to hear about a SEFA presentation. But I know this is a hot topic. So before we get to that, I did... like Jeff said, I wanted to spend just a minute to talk through some of our gap considerations. And what this is going to mean for financial statements.

So as Ted even alluded to, this guidance has evolved over the past 15 or so months since HRSA put the PRF funds into your bank accounts initially. As auditors and accountants, we have had to help clients interpret the guidance, consider the impacts on the financial reporting and the compliance work, as well, and that's been ever evolving. So we were anticipating guidance coming out with the portal opening, and so in June, we got what we had been hoping to see with a new notice for reporting requirements and some FAQs. And then July 1st, the reporting portal, obviously, opened, and we got some new FAQ's, and we've even gotten a few more. Or two weeks ago now.

So with these changes in guidance, one of the big pieces that we as accountants have had to think through is, how does this factor into when we can recognize revenue? So from the perspective of any fiscal year-end that is prior to June 30... So if you're a December 31 year, and I know there's a lot of you guys out there, if you're a 5/31/2021 year-end, that June 11th notice and those FAQs that came out, that was another significant change in guidance. They took away that calendar year and that six-month reporting requirement, they changed that period to be the full 18 months.

So with that significant change in the guidance, our stance has been, at BKD, that we believe that to be another type two subsequent event. We never heard these terms very often before, but we've gotten very comfortable with them now. But that would be a non-recognized subsequent event. So that would be something that you would disclose in your financial statements, but not book as of year-end. So if you're a 12/31 year end, in our opinion, you should continue to prepare your financial statements for 12/31 2020 if you have not completed that audit yet, based on the guidance available at 12/31/2020.

Now, the July FAQs and the opening of the reporting portals really got... we were hoping to get, and they clarified that we are looking at a quarter by quarter measurement period. So for a June 30 year-end, and then our year-end going forward now, we can take that July information, because that was just clarification of what they were hinting at with the June notice and FAQs, and we consider that to be a type one subsequent event. So June 30, year-end health centers, we would expect you to then recognize revenue on your financial statements based on your expenses that are incurred in lost revenues through June 30 2021 based on the quarterly measurement period for lost revenues and the guidance that existed at June 30, including those July One FAQs.

The next piece I wanted to just mention, this is something that we didn't even really think about all that much before, but now that we have these definitive cut off periods, specifically for the lost revenues, is, what are your cut off procedures for those? So this is a challenge in that a lot of health centers have a year-end adjustment for, say, an allowance, for your valuation of receivables, or even revenue recognition for revenue cut off, a cost report settlement that gets [inaudible 00:43:20] up at the end of the year, or just booked at the end of the year.

Those are things that... We record as gap basis at year-end on your annual financial statements. But now, looking at these quarterly reporting periods, we really need to consider, are we presenting and reporting into the PRF reporting portal gap basis, accrual revenue in our last revenue calculation? So, thinking back, all the way to quarter one of 2019, through for period one June 30 2021, each quarter, what are those adjustments that we normally would make on an annual basis that we need to be factoring into our quarterly calculations to truly get a quarterly accrual basis lost revenue calculation?

That's something that your auditors are going to have to dig into with you when they're evaluating how much you've recognized on your financial statements, but also, when we audit, from a compliance perspective, what you've entered into the reporting portal. So something to think about there. It's going to look different for everyone, but just don't forget to think about your cut off and how it's different when we get to year-end for financial statement purposes than you do on a monthly or quarterly basis.

So the hot topic, the single audit considerations. A new FAQ was issued on July 15th that put this in writing. HRSA had been saying it in webinars previous to that, but now we have a nice little table that really lays it out for us. If you are a June 30 2021 fiscal year-end, that is the first time that any entity should have PRF on their schedule, the expenditures of federal awards. So the 12/31, since that 12/31 reporting period went away, there will be nothing on a 12/31/2020 SEFA. I know I have one of my own clients that we're holding that open for. We're going to go ahead and issue that with nothing on that SEFA. So we can finish those audits.

Thankfully, we've been granted extensions, and so we don't have quite the time crunch that we would have had. But this is a good guideline. So June 30, through December 30th, you'll pick up period, one on your SEFA. And then the December 31 to the June 29 next year's, pick up period one and two, and of course, we will await guidance for June 30 2022, which leads to the next subject, the compliance supplement.

So, the 2020 compliant supplement addendum that Ted mentioned does contradict this, because it still has the old language about following that calendar year reporting. That is expected to be superseded with the 2021 compliant supplement, which Ted mentioned we are still waiting on. I think, from what we've heard, it's close. We should be getting it pretty soon. But unfortunately, I know some of the questions you guys also submitted were, how's this going to be audited. We don't have that official compliance supplement issued, yet. So we are waiting on OIG to give us that guidance for the June 30 2021 single audits. But as soon as we have that, obviously, we will all have access to it, and we can read through what the suggested audit procedures are, and attack our audit from there. So we will wait in anticipation for that guidance. But we know when it goes on the SEFA and when we have to test it, and when we can go ahead and issue audits for ones that we had been hanging on to. So, that was all I had for gap and single audit conversation.

Gervean Williams (47:00):

Okay. Thanks so much from our partners at BKD and Feldman Tucker, and obviously, our partners at HRSA. So now we're going to go into the Q&A session. So we have a couple of questions, and I'll go ahead and ask, and I'll have our HRSA colleagues jump in first, and then if Feldman Tucker or BKD wanted to add anything afterwards, that will be awesome. The first question, I think, was answered verbally. It says, on slide 18, it says you can't use contractual adjustments for lost revenue. This is an integral component of calculating net patient revenue. I do believe Stephanie answered that earlier. Correct, Stephanie?

Stephanie Sowalsky (47:43):

Yeah, that's correct. So that was that 5,000, 3,000, 2,000 example. So, it just depends on which way that you look at the contractual adjustment. If you start at the 2,000, then the contractual adjustment should not be included, so you should not identify 5,000. But if you start the opposite way, $5,000, then you need to include the contractual adjustment to get to the $2,000. So we will be providing an updated FAQ in the near future as it pertains to that.

Gervean Williams (48:17):

Okay. Thank you so much. Our next question, I'm using 100% of my PRF funds for lost revenue, as we had other pots of money for expenses. Should all the other provider relief expenses fields be zero, since I'm not using Provider Relief Fund fun for expenses?

Elizabeth Wienad (48:39):

I can answer that one. So while HRSA expects the Provider Relief Fund payments will be applied to unreimbursed expenses attributable to Coronavirus, they are not obligated to be reimbursed by other sources before these payments are used for lost revenue. It is possible to enter zeros in that unreimbursed expenses fields.

Gervean Williams (49:13):

Okay. Thank you. Okay. Our next question, we have not been able to complete our report for the Provider Relief Funds we received because I registered and then never received the link to complete. Tried to log in again and couldn't log in. It says someone else from our organization is registered, but no one is. Please let me know what I need to do.

Elizabeth Wienad (49:41):

I think in that instance, our recommendation would be to reach out to the provider support line. That information is available on the reporting portals landing page. We can also make sure that it is shared in the follow up materials.

Gervean Williams (50:00):

Thank you so much, Betsy. Okay. Our next question, is there a limit to the percentage of GNA expenses you can claim? In other words, can 100% of Provider Relief Fund expenses be used for GNA?

Stephanie Sowalsky (50:17):

Yeah, that's a great question. So, 100% can be used for the GNA expenses, so long as those expenses are attributable to Coronavirus, have not been reimbursed by any other sources, and any other sources are not obligated to reimburse them. So I do want to make it clear that this also pertains to other Provider Relief Fund payments. So especially if your organization received a payment in more than one payment received period, because of that overlapping period of availability, it's crucial that you maintain the adequate supporting documentation to just identify which portion of your Provider Relief Fund payment during which reporting period you actually claimed that expense.

So, just throughout the other presentations today, I know there was a very strong [urgence 00:51:09] to maintain adequate documentation. I think this is something you guys are all familiar with from the grant side. I know that myself included, with other representatives from HRSA, just stressed this to you, especially when you began to receive your COVID-19 funding for your health centers supplemental awards. So this is not new, just maintain supporting documentation, work with your accountants, make sure that you can identify that payments were used, which... Sorry. Which payments were used for which expenses, and that you're not duplicating any expenses across all the sources. This is really important.

Gervean Williams (51:52):

Thank you so much. Okay. Our next question, what is the purpose of recording the unreimbursed expenses? Wouldn't it just be our reporting expenses go in other Provider Relief Fund payments? Would this be if the COVID-related expenses you incurred were greater than Provider Relief Fund payments received?

Elizabeth Wienad (52:18):

I can take this one. So, I think the question gets at it, that yes, the purpose of reporting unreimbursed expenses is derived from statute, and statute requires that Provider Relief Funds be used for expenses and lost revenues, not reimbursed by other sources or that other sources are obligated to reimburse. I think Steph probably has a little bit more nuance that she can add to that answer. So Steph, please jump in.

Stephanie Sowalsky (52:48):

Yeah. The other reason that we want you to include this information is so that we can make sure that our reporting is complete, as well. So it's almost like a check and balance. So the other thing that it may do is it may help us inform where additional funding is needed. So for example, if you're an organization, and you have... I'm just going to make this up. But if you have a million dollars in expenses attributable to Coronavirus, but you only received a $500,000 payment, and you identify that your $500,000 payment was used for expenses, then we would anticipate seeing that there's 500,000 of additional unreimbursed expenses.

So this will help us out just identify what the providers of the US are doing, how much unreimbursed expenses are out there, and it will really help us identify if there's a need for additional funding in the future, as well as also just double check your report. If you identify that you have unreimbursed expenses, but then at the end of your report, it shows that you owe us funding back, then we may contact you to say, "Hey, it looks like you have other unreimbursed expenses during the period of availability. Are you sure that you didn't use all of your funds, and that you actually need to return it?" So just a few different things, aside from what's required in statute.

Gervean Williams (54:26):

Okay. Thank you so much. Okay. So one additional question. Per HRSA's most recent 7/15/21 updated FAQs, it basically stating that all other federal funds must be extended first, even H as in Harry, 8, as in the number eight, and F as in Frank. If this is the case, then any entity that has received H8, F as in Frank, funds will need to go back to HRSA and go through the entire rebudgeting process. Also, how can this be when H8F fund wasn't even authorized when the PRF funds were received?

Stephanie Sowalsky (55:09):

So I'll take that one, and I'm also going to answer this question, combined with another question that was asked. The other question that was asked is, there is an FAQ that addresses federally-qualified health centers must use the supplemental COVID-19 awards prior to PRF payments. Is this going to be modified? So the reason why I want to combine all of those is because that is another supplemental COVID-19 award.

So I think there's a few different things to consider when it comes to your awards. So I want to first point you to our FAQ that we have available. I know that based on this, the FAQ doesn't completely address it, so I'll talk about that a little bit more. But what the FAQ says is it actually says grant funds awarded to FQHCs and FQHC-lookalikes for costs, for expenses, or losses that are potentially eligible for payments under the Provider Relief Fund would need to be utilized, and so fully drawn, before Provider Relief Fund payments can be used during the applicable period of availability.

The Provider Relief Fund requires that funds not be used to reimburse sources, blah, blah, blah, blah, blah, unreimbursed by others. But then the key to that FAQ is that the next section says if FQHCs or lookalikes have incurred expenses or losses attributable to Coronavirus, that these grant awards do not cover, they may use Provider Relief Fund payments. So I think that that piece is key. The reason that piece is key is because for each of your grant awards, I know some of them were different, depending on the timing, but you either had to submit a budget prior to receiving the funding, or you had to submit a budget closely after receiving the funding.

So basically, what we're saying is that if, in your budget, you have costs that were not... or sorry, if not included in one of your budgets, you have costs attributable to Coronavirus, then those are the costs that you can apply to the Provider Relief Fund. So you're not required to rebudget, but what we don't want you to do is to receive funding from your grants and then say, "Oh, because I received Provider Relief Funding, I'm actually going to use my grant funding for something else, and I'm going to use my Provider Relief Funding for it."

So this is the whole concept of supplementation. This is not a new concept, it's similar to the guidance that HRSA provided to health centers when we gave you all of these supplemental awards. We said don't include things in your supplemental awards that are already covered in your base award. It's the same concept. So this concept of these grant awards do not cover, I think, is key in the FAQs, and hopefully, that provides a little bit more clarity around that confusion.

Gervean Williams (58:25):

Thank you so much, Stephanie and Betsy, for your time and everything. It's really so great to have you guys with us with this webinar. We have a ton of questions, and I will follow up with you guys at HRSA and with BKD and Feldman Tucker to answer this offline. One last question before we end. Could you touch on 340B revenues and how those relate to Provider Relief Funds? And then we'll go ahead and wrap up the session.

Stephanie Sowalsky (58:59):

Yeah, I will just ask if we can provide that response just written, because I don't want to misspeak. There are certain nuances when 340B revenues should be excluded, and I just want to make sure that we provide clarity with regards to that when we provide an answer. So hopefully, that's okay.

Gervean Williams (59:23):

That's totally fine. I totally appreciate that. I will send you guys all the questions that were submitted in the chat. With that, thank you guys so much for our friends at HRSA, our friends at BKD and Feldman Tucker, and all you guys, our healthcare heroes out in the field fighting the good fight. Please fill out the evaluation you will receive in the link after this, and let us know how we can serve you better, and how well we're doing in meeting your needs. Thanks again for all our presenters for today, and you guys have a great afternoon and a great weekend. Thank you.