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PROVIDER RELIEF FUNDS – NACHC P&I 2021

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1. PRF Frequently Asked Questions (changes come usually on Friday! **Last changed Feb. 24, 2021**):
<https://www.hhs.gov/sites/default/files/provider-relief-fund-general-distribution-faqs.pdf>
2. Reporting Guidance – **last changed Jan. 15, 2021**:
<https://www.hhs.gov/sites/default/files/provider-post-payment-notice-of-reporting-requirements-january-2021.pdf>
3. OMB Compliance Supplement Addendum issued **Dec. 2020**: https://www.whitehouse.gov/wp-content/uploads/2020/12/2020-Compliance-Supplement-Addendum_Final.pdf

PRF FUNDS – NEITHER FISH NOR FOWL

- The CARES Act provides that PRF funds are appropriated to reimburse health care providers' expenses "**through grants or other mechanisms.**"
- PRF funds are not a *loan*; there is no obligation to return funds so long as they are expended (**emphasis on expended!**) according to the terms and conditions.
- Comparative funding stream is the Coronavirus Relief Fund ("CRF") made available to state and local governments. Managed by Treasury, but, arguably, done so with clearer rules.
- At the same time, they are also not technically a "grant." The CFDA entry (93.498) describes PRF as "**Other Direct Assistance.**"

AS STATED IN THE COMPLIANCE SUPPLEMENT ADDENDUM ...

"Most payments were sent out to providers without application, **with requirement for recipients to accept the terms and conditions through an online portal or return funds.** Recipients were required to either accept the terms and conditions or return the funds. The CFDA numbers were not provided at time of payments or included in initial terms and conditions."

This begs the question of whether HRSA/OMB can add requirements via the CFDA notice and/or FAQs? Going to next slide...

FOR EXAMPLE, LOOK AT COLUMN “B”

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.

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

PRF – HOW TO SPEND

“Recipients will report their use of PRF payments using their normal method of accounting (cash or accrual basis) 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 includes General and Administrative (G&A) and/or other healthcare related expenses...
2. PRF payment amounts **not fully expended on healthcare related expenses** attributable to coronavirus are then applied to patient care lost revenues. Documentation requirements for lost revenue calculations are further defined ... [NEXT]”

THE “LOST REVENUE” MERRY-GO-ROUND

“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. . . [budget approved before 3/27/20];
- c) calculated by any reasonable method of estimating revenue [see next slide].

GIVE WITH ONE HAND...FROM JAN. 15 REPORTING GUIDANCE

“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.”

KEY CONCEPTS FOR USING PRF

1. Payor of Last Resort?
2. Offsets! Patient Services and Grants
3. Documenting use

Payor of Last Resort?

Not exactly said but implied



FOR EXAMPLE, FAQ ON VACCINE ADMINISTRATION

Can Provider Relief Fund payments be used to support COVID-19 vaccine distribution?

(Modified 1/28/2021)

Provider Relief Fund payments may be used to support expenses associated with distribution of a COVID-19 vaccine licensed or authorized by the Food and Drug Administration (FDA) that **have not been reimbursed from other sources or that other sources are not obligated to reimburse**. Funds may also be used ahead of an FDA-licensed or authorized vaccine becoming available. This may include using funds to purchase additional refrigerators or freezers, personnel costs to provide vaccinations, and transportation costs not otherwise reimbursed.

SIMILAR CONCEPT – THINK MC/MK PPS

How does cost-based reimbursement relate to my Provider Relief Fund payment? *(Modified 2/24/2021)*

Recipient must follow CMS instructions for completion of cost reports available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Paper-Based-Manuals-Items/CMS021935>.

Under cost-based reimbursement, the payer agrees to reimburse the provider for the costs incurred in providing services to the insured population. **In these instances, if the full cost was reimbursed based upon this method, there is nothing eligible to report as an expense attributable to coronavirus because the expense was fully reimbursed by another source. Provider Relief Fund payments cannot be used to cover costs that are reimbursed** from other sources or that other sources are obligated to reimburse. Therefore, *if Medicare or Medicaid makes a payment to a provider based on the provider's cost, such payment generally is considered to fully reimburse the provider and no money from the PRF would be available.* However, in cases where a ceiling is applied to the cost reimbursement and the reimbursed amount by Medicare or Medicaid does not fully cover the actual cost due to unanticipated increases in providing care attributable to coronavirus, those incremental costs that were not reimbursed are eligible for reimbursement under the Provider Relief Fund.

Offsetting

Patient Service Revenue



WHAT DOES THIS FUNDING CONDITION MEAN?

Activities Unallowed (**All distributions**)

Law (HR 748-283 and Pub. L. No. 116-139, 134 Stat. 622)

That these 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.

Terms and Conditions

Payments may not be used to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.

START WITH THIS FAQ...

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

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.

CHANGING DEFINITIONS OF PATIENT CARE

Footnote 5 in January reporting guidance...

“Patient care” means health care, services and supports, as provided in a medical setting, at home, or in the community. It should not include: 1) insurance, retail, or real estate values (except for SNFs, where that is allowable as a patient care cost), or 2) grants or tuition **unrelated to patient care.**

ANOTHER EXAMPLE: WHICH FUNDING TO APPLY FIRST?

My state or territorial Medicaid or Children's Health Insurance Program (CHIP) agency has directed providers to use Provider Relief Fund dollars before applying Medicaid or CHIP reimbursement, as well as Medicaid COVID-19 supplemental payments, to cover health care-related expenses or lost revenues attributable to coronavirus. **Is this permissible?** (Added 12/28/2020)

- No. As it relates to expenses, providers identify their health care-related expenses, and then apply **any amounts received through other sources** (e.g., direct patient billing, commercial insurance, Medicare/Medicaid/CHIP, reimbursement from the Provider Relief Fund COVID-19 Claims Reimbursement to Health Care Providers and Facilities for Testing, Treatment, and Vaccine Administration for the Uninsured, or funds received from FEMA or SBA/Department of Treasury's Paycheck Protection Program) **that offset the health care-related expenses.** Provider Relief Fund payments may be applied to the remaining expenses or cost, after netting the other funds received or obligated to be received which offset those expenses.

<https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/faqs/provider-relief-fund-general-info/index.html#auditing-reporting-requirements>

Slide 17

PS3

SP: link works

Parker, Shawnee, 3/9/2021

FUND WITH 340B

An organization has prescription sales as part of its revenue. Can these sales be captured in the data submitted as a part of revenue from patient care? (Added 10/15/2020)

Generally, no, prescriptions sale revenue may not be captured as part of revenue from patient care. Only patient care revenues from providing health care, services, and supports, as provided in a medical setting, at home, or in the community may be included. Patient care revenues do include savings obtained by providers through enrollment in the 340B Program.

PS2

<https://www.hhs.gov/sites/default/files/provider-relief-fund-general-distribution-faqs.pdf>

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PS2

SP: link works

Parker, Shawnee, 3/9/2021

Documenting use

Financial Standards under the Uniform Guidance



FAQ FROM END OF FEBRUARY - INSTRUCTIVE...BUT NOT FUN

Can Reporting Entities claim the time spent by staff and director-level resources on COVID-19-specific matters, such as participating in task forces or preparing their health care organization's COVID-19 response, that they would not have otherwise spent time on in the absence of the pandemic? *(Added 2/24/2021)*

Time spent by staff on COVID-19-specific matters may be an allowable cost attributable to coronavirus so long as it was not reimbursed or obligated to be reimbursed by other sources. If the personnel salaries are reimbursed by any other source of funding they cannot be also reimbursed by the Provider Relief Fund. In addition, no one individual may be allocated as greater than one full-time equivalent (FTE) across all sources of funding. All costs must be tangible expenses (not opportunity costs) and must be supported by documentation.

The Reporting Entity must maintain appropriate records and cost documentation including, as applicable, documentation described in 45 CFR § 75.302 – Financial management and 45 CFR § 75.361 through 75.365 – Record Retention and Access, and other information required by future program instructions to substantiate the reimbursement of costs under this award. The Recipient must promptly submit copies of such records and cost documentation upon the request of the Secretary, and the Reporting Entity agrees to fully cooperate in all audits the Secretary, Inspector General, or Pandemic Response Accountability Committee conducts to ensure compliance with these Terms and Conditions.

WITH GREAT POWER COMES GREAT RESPONSIBILITY

- Providers **must retain original documentation for three years** after the date of submission of the final expenditure report, in accordance with 2 CFR 200.333.
- Provider Relief Fund payment amounts that have not been fully expended on the combination of healthcare expenses and lost revenues attributable to coronavirus by the end of the final reporting period, **must be returned to HHS!**
- HHS reserves the right to audit Provider Relief Fund recipients and collect any Provider Relief Fund amounts that were made in error or exceed lost revenue or increased expenses due to COVID-19.
Failure to comply with the Terms and Conditions may be grounds for recoupment!



PS1: <https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/faqs/provider-relief-fund-general-info/index.html#auditing-reporting-requirements>

Slide 21

PS1

This link works

Parker, Shawnee, 3/9/2021

QUESTIONS?

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