

PYA Webinar: [“Provider Relief Fund Payments – What We Know, What We Don’t Know, What To Do Now”](#)

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Original Webinar Broadcast: Friday, April 17, 2020

Disclaimer: To the best of our knowledge, these answers were correct at the time of publication. Given the fluid situation, and with rapidly changing new guidance issued daily, be aware that these answers may no longer apply. Please visit our COVID-19 Hub frequently for the latest information, as we are working diligently to put forth the most relevant helpful guidance as it becomes available.

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0:05

Good morning, everyone and welcome to today's webinar hosted by PYA “Provider Relief Fund Payments What We Know But We Don't Know And What To Do Now”. PYA is a leading Professional services firm providing expertise and healthcare tax management consulting and audit and Assurance. We are pleased to offer you our thought leadership on this important topic all attendees have been placed in listen-only mode. You may submit written questions.

0:35

Sharon's using the question pane of the control panel. We will supplement the transcript to this webinar with our written responses to your questions. Please be aware with more people using online platforms outages can occur should the webinar be paused we will work to restore it as quickly as possible and all of our webinars are recorded and released with a copy of the slides after the event with that. I would like to introduce our presenters

1:05

Lori Foley and Martie Ross. Good morning, everyone. I'm Martie Ross. I'm a principal with PYA strategy and integration group here in Kansas City. I am joined today with my esteemed colleague Lori Foley who's in our compliance Advisory Group down in our Atlanta office. So, let's Jump Right In believe it or not. It was only three weeks ago. So, it seems like six months. It was only three weeks ago that the president signed the CARES Act into law a two trillion dollar.

1:38

Relief package related to the coronavirus pandemic with programs for small medium large businesses benefits for individuals and funding to support healthcare providers during the pandemic and title 8 of the CARES Act invested certain funds into the Public Health and Social Services emergency fund this fund which is administered by the HHS assistant secretary for preparedness and response.

2:09

Historically has been about a 2.5 billion dollar fund but it grew significantly on March 27th in addition to funding for AIDS programs as well as billions of dollars invested into restarting the

national strategic stockpile and otherwise supporting vaccines and Therapeutics this provision of the CARES Act's invested 100 billion dollars to reimburse providers.

2:38

For healthcare related expenses or lost revenues attributable to the coronavirus. You may have heard of this Bond referred to as the Marshall Plan for healthcare providers equating it to funds spent to rebuild Europe after World War Two, but now it seems that the common parlance is to refer to this as the provider Relief Fund and it is from this fund that the thirty billion dollars in relief payments have been made over the last several days. So, let's track a little bit.

3:08

History of what has happened on that front starting with let's start actually start with the legislation and talk about what we know in the legislation. It is a whopping 568 words. If you do the math, it's a hundred and sixty seven hundred seventy six million dollars per word allocated here, but it is open to any entity that provides treatment for actual potential or actual cases of COVID-19. It contemplates an

3:38

Application process but we learn now retrospectively that would include a future attestation process which we will talk about here in a few minutes. It's intended to be provided by HHS on a rolling basis that they are empowered to make payments in a manner that is most efficient. But it requires that anyone who receives the dollars under this fund maintain appropriate documentation and submit reports as necessary to allow HHS.

4:08

To Monitor and track compliance with the funds it finally obligates HHS to report in to converse every 60 days on how this fund is being expended. So, on April 7th a mere ten days ago during very near the end of that day's coronavirus task force briefing CMS administrator Seema Verma made the statement which appears here you on the screen referring to the fact there will be thirty billion dollars going.

4:38

Going out to providers that week with no strings attached that they can essentially spend in any way they see fit and it was Asbury briefest of brief statements that are was our only for warning what would happen last Friday again? It was only just last Friday when HHS posted this press relief that's a press release that is on your screen announcing the 30 billion dollars in CARES Act funding that would be distributed.

5:08

Primarily by direct deposit through UnitedHealth Group and many and believe us our phone started ringing off the hook on Friday morning as providers began receiving these payments and asking what do we do now? What are the two strings tied to this and the like and our goal here in the next 25 minutes is to tell you everything we think we know relevant to the receipt of these relief funds and the obligations it put they impose.

5:38

Those on providers. So, what we have are 30 billion dollars out of that hundred billion dollars. It has been earmarked for traditional distribution to all facilities and providers that billed Medicare in 2019 and using the math that HHS has provided on this website.

5:57

We understand that the payments that providers are receiving are paid out at the TIN, the taxpayer identification number level and they are Roughly equal to six point two percent of that TINs Medicare payments in 2019. As I referenced the texture being distributed by UnitedHealth Group using direct deposit information that has been made available by providers under the CMS program. So, you're receiving those checks in the same manner you receive back payments for those view providers that are still on paper submitting paper claims CHS represents.

6:36

That paper checks will be sent out within a few weeks. So, you will not have the immediacy of direct deposit HHS emphasizes. These are not loans. These are not payment for services. They do not carry a repayment obligation with them now. Unfortunately, if you have questions for us, like I haven't received my payment yet or we think we receive less than we should have received. We are not in a position to answer those that you see here on the screen the cares provide a relief hotline phone number there.

7:08

I tried the line yesterday. It is answered by UnitedHealth Group and there's a waiting period of getting in the queue to pose your question. So, if you do have these types of specific questions regarding the amount or the timing here is the best resource, we can offer to you we know in fact providers who have been waiting on payments received those in their bank accounts today. So, it has been an ongoing rolling process. We have no idea.

7:38

The order in which those checks are being distributed, but if it is not showed up yet. There is still time when you can see the dollars.

7:48

Provider as a condition of receiving the payment. Remember I said that in the CARES Act language the statutory language, you have to submit an application in this case, you're submitting an after-the-fact application by submitting an attestation and your required as a recipient of these funds within 30 days. You must sign that test station confirming that you received the funds and agreeing to certain terms and conditions of pain.

8:16

Ament now if you are unwilling to accept those terms and conditions or otherwise do not wish to retain These funds you have the opportunity to reject them and remit full payment back to HHS and these activities as has station or rejection were to be accomplished through an online portal that portal opened yesterday and the link you'll see here on the page and what Going to do is walk you through the process through a series of screenshots from the portal step one on the portal is to signify your eligibility for receipt. You see here we check. Yes, and it also provides a privacy statement indicating that the information that you submit in accordance with the sad PATH station will be used for certain limited purposes.

9:12

Then once you've completely once you check yes, it will take you to step two where you enter the billing TINs for which you are performing attestation. So, of a health system that has multiple TINs under which it submits claims will have received multiple payments tied to those TINs and to go in to complete the attestation. You will need to have all of those TINs available and the system will reject your TIN until you entered nine.

9:41

The TIN numbers and so here again, if you're testing for multiple TINs you'll enter multiple TINs here and then once you have completed this and it verifies that you in fact have entered the TINs, it will take you to screen 3 where you buried by patient information that you will need to have with you to complete this in the billing TIN the last six digits of the account into which the bodies were deposited and the amount.

10:11

Received, but the system will take you through each of the TINs that you listed in the prior screen. So, you'll need to enter this information separately for each of the TINs.

10:25

And then you get to the ADD test stations. We did not do screenshots here because we wanted to enlarge the language and highlight certain language for you. But what is on your screen is exactly the language that appears on the portal. There are two check boxes that need to be both you'll have to check both of them to get to the next step.

10:45

But this is where you will acknowledge the amount you receive and accept the terms and conditions that terms and conditions is hyperlinked in the portal so that you can click to that document to which this refers we will go through those terms conditions here in just a few minutes, but that's your first hyperlink of the terms and conditions it specifies that if you receive the payments and you've held them for 30 days without contacting HHS regarding the ribbons those funds you have deemed you have been deemed to accept the terms and conditions. So, they are sort of doing that belts and suspenders.

11:24

His approach here. They told you have to go into a test to keep the money.

11:28

And by the way, if you don't come in and a test and don't return the money, we're going to deem that you have already accepted those terms and conditions it then says that if you make a commitment to adhere to those terms and conditions and that is a condition that the secretary sending the funds to you which creates a contractual relationship and then if you do not comply with any terms or condition that gives the secretary the right to recoup some or all of the payment that you received though. It is conditioned the payment is conditioned on adherence to the terms and conditions. It also notes interestingly that any requirement that applies the recipient then applied any sub recipients or contractors which raises an interesting question.

12:13

We had several health systems that have contacted us about sharing payments with their employee or contractor positions because those Physicians bill under the pedals TIN for the health systems TIN they don't then receive payments that they Hospital says it's looking for an opportunity to share those back would in doing so the hospital obligate than those recipients to the terms and conditions apparently based on this attestation language it would the second check box is you acknowledging that there are certain requirements on maintaining documentation that you will acknowledge that there is a review process that you will be subject to at that you provide information and importantly in the attestation HHS reserves the right to make It's to your payment if it determines those were made in error and that they have the right to make those adjustments without any limitations with regard to time or other limitations or constraints, which is interesting that for a period of time that United Health has four to these payments should HHS

or UnitedHealth determined that it was certain payments were made in error that the amounts were wrong or payments went to a provider that in fact did not qualify.

13:45

If I as a Medicare, then as a Medicare provider, will they have the opportunity to recruit those dollars directly out of the bank account and it will see on the next page. It appears that in fact that Authority is afforded in this Arrangement because if you want to check the two attestation boxes, you will come to the final step which is to accept or reject payment. But before you can click that button, you have to acknowledge that you read and agree to opt-in pays enrollment terms.

14:15

We've provided for you here the link to those terms and conditions from Optimum. What is back they takes two pages to say that you're authorizing up and pay to credit or debit accounts listed on your enrollment IE the accounts with do which you have received payment these really fund payments in connection with processing the transactions. And so, we believe this is the vehicle by which they will recoup not recoup die.

14:45

dollars, but callback any dollars paid in are funds that would be subject to recoupment by either the secretary determines that you have not adhered to the terms or conditions. We don't believe as part of this process. That would be separately handled through a recoupment process Bucher familiar. So, once you agree to those terms and conditions and check the you are not a robot you either accept payment or reject payment. Unfortunately, we were too scared to click on reject payment and that's we're not certain.

15:15

Exactly happens when one hits reject payment if anyone does know please share, but we assumed that this would be the notification for the process to remit payment back to HHS. You do not accept the terms and conditions other than the portal opening yesterday. There were no other instructions given by HHS with respect to return of the of the payments. And so again, we're assuming that that is accomplished by hitting the button. I reject payments here.

15:46

Well, I reference previously these terms and conditions to which you are a testing in completing the portal or otherwise maintaining the funds even without completing the portal you have here on the right hand side of your screen a screenshot of the relief fund payment terms of condition documents. It is 10 pages long down there in way too small a print. We've actually given you the website link so that you can review this document yourself, but let's hit.

16:16

Of the highlights first and most concerning probably the most common question we've received since last Friday was this requirement that the recipient be one that provides diagnosis testing or care for individuals with possible or actual cases of COVID-19. And certainly, there are a lot of providers out there that are not directly involved in testing or treating patients for COVID-19.

16:42

But on the HHS website they added the Vacation think it was Tuesday. Lori. Is that about right Tuesday where they said that care does not have to be specific the treating COVID-19 HHS broadly views every patient as a possible case of COVID-19. That's if you have seen a patient since January 31st, which is the day that the public health emergency was declared. Then you

would be eligible under this particular certification the terms and conditions also require that you certify the pencil only be used to prepare for and respond to coronavirus.

17:17

That will only reimburse you for healthcare related expenses or that critical term, lost Revenue, that's attributable attributed to coronavirus.

17:25

So again, that's giving you a pretty broad leeway in which to use these funds not as restrictive as other programs in terms of what the dollars can be used for so long as you can draw a line for lost revenue and the need to replace that lost Revenue to maintain operations would be an appropriate use under this provision. Other still more terms and conditions you are certifying that you will not use the funds to reimburse expenses or losses that have been reimbursed from another source. So, this is a prohibition on double-dipping you can't claim forgiveness. For example, you can't claim forgiveness of funds under the payment Protection Program and use that for forgiveness and at the same time use these funds that you see for the same purpose. So, this is a prohibition on double dipping and using funds twice to pay.

18:16

The same thing you also promised in this is this is highlighted very clearly on the HHS website that if you accept these funds you will not balance Bill any out-of-network patient for COVID-19 related treatment the terms and conditions themselves. Do not address the diagnosis or treatment of the uninsured. This is only dealing with out-of-network insured individuals, but Lori will talk about where we're at on payments for the uninsured.

18:41

You also agree that you will not use funds that you sieve for any purpose that the CARES Act prohibits the use of funds. So, there are a wide range of appropriation prohibitions that dollars appropriated by Congress in certain circumstances cannot be used for certain purposes. And we've sort of summarized more highlights here. most important of which is using the funds to pay an individual salary that's in excess of the executive level two, which is one thousand nine hundred and seventy thousand dollars one.

19:16

Seven \$300. Doesn't mean you can't pay someone that makes more than that that you can only use the funds up to that amount those these CARES Act relief funds. You're also prohibited them for using a wide range of activities including lobbying, some research, needle exchange, payments to Acorn, or interestingly the capture of procurement of wild chimpanzees, as well as human trafficking.

19:41

Now, you know why the documents 10 pages long as it goes through these different prohibitions in Greater detail and then finally you cannot use the funds to do business with a corporation that either has unpaid federal tax liability or otherwise been convicted of a felony within the last 24 months. So, the key really key certifications appear on about the first page and a half of the document read those carefully review those carefully the rest are just other conditions and restrictions on payment use of those dollars. They again are aligning with appropriation.

20:16

Finally still more terms and conditions these all concerned documentation and reporting that you will submit reports as HHS determines is necessary If you're receiving from any Source federal

funds relating to coronavirus response, in excess of \$150,000, you'll be required to submit those quarterly reports to the pandemic response and accountability committee or PRAC has not yet released details on reporting that they will have a process or these quarterly reports for these funds. You're also required to maintain records and cost documentation consistent with the requirements for federal grants and finally and critically important that you will go agreed to cooperate in any audits that's initiated by the secretary OIG or PRAC that relate to compliance with the terms or conditions.

21:11

All right. Thank you Martie. Okay had a number of questions from our clients related to tax implications and Reporting this Revenue. So, if you recall Martie noted that this is not a loan. So, it must not it is not intended to be repaid and unlike other programs such as the loan forgiveness portion of the PPP. It does not expressly State at the onset that forgiveness amounts are not considered taxable income by the recipient.

21:41

There is no guidance that states funds are excluded from gross taxable income. So, we are considering them from a conservative approach to be considered in gross income and therefore taxable since there are since they are essentially replacing revenue for the providers for tax-exempt entities, though. This would not be a taxable event. And even we think for profit entities.

22:05

It's unlikely to create a tax situation since expenses incurred related to COVID-19 are likely to exceed any revenues received through this Relief Fund. Obviously, it's important to stay tuned for additional guidance and rulemaking noting that that can come from a variety of sources. It could come from the IRS, but it could also come through other program clarification as more information becomes available.

22:33

as far as Revenue recognition remember that these are not loan. So again, they don't have to be repaid as long as you agree and abide by the terms and conditions. Therefore, our audit team has advised that funds should be recognized as revenue and received. If you the provider believe that you can meet the list of program criteria that you agree to be bound by those terms and conditions that Martie referenced and went through earlier and that you can attest to such within those 30 days of from the date you receive the payments.

23:05

However, if you don't believe you can meet those criteria, then they should be recorded as deferred income until you are certain that you can commit or will commit to meeting those criteria. And it until such time that you feel like repayment is the probability of repayment is low.

23:27

Are discussed earlier if the provider doesn't agree then obviously those funds must be returned as you go back as you return them.

23:40

As far as recording the revenue and expenses, we are recommending that you create a separate general ledger account to record Relief Fund payments and some circumstances we've discussed whether it would even behoove you to create a separate bank account to ensure that these funds are isolated and you can control and monitor the distribution the receipt of the various funds and

as well as the distribution of them and really this may apply for all of the COVID-19 related funds and expenses.

24:09

Not just to the relief funds that were discussing today all of them come with the stated or implied statement that you won't use funds from multiple sources to pay for the same expenses the no double-dipping that Martie referenced and we think you will need to be diligent in how your account for those in your daily operations so that you can ensure that double-dipping doesn't occur and that you create a good line of flow so that you can follow along and ensure.

24:39

and help assist on an audit if necessary.

24:45

We should report the relief fund revenues of the line item in your operating expenses on your financial statements. Be sure to use your foot note disclosures to adequately explain the portion of the revenue related to those Relief Fund payments and the sources that they come from and this would be a great time to consult with your external Auditors to discuss any additional accounting recommendations related to these payments in specifically in particular. There are also some compliance considerations.

25:14

As you're aware of these programs and funds have been coming fast and furious with the end or the Quasi end.

25:23

There we go. The end or the Quasi end. Sometimes looking very different than the original terms and approach, therefore. It's critical to establish a process to fully vet the requirements including the consideration of any known implied or even what if of the mechanisms to ensure that you can comply with those terms on the front end and that you don't go astray along the way these programs are very far-reaching. So, it's important to think through who all should be tasked with monitoring and understanding.

25:53

They obviously have been anshel implications but there are also operational implications and compliance implications. So, the tea may be broader than you might originally consider on the front end because it does extend beyond Finance and Accounting teams. Once that team has identified. It's important to ensure everyone's relying on the most current guidance that the interpretations are jailed. That is that not every you know, different members or departments aren't operating under different assumptions and then modify it accordingly.

26:23

As we discussed earlier the balance billing for example for patients that are out of network that's going to have operational implications in addition to compliance and financial implications. It's important to note that the law creates significant avenues for fiscal oversight to monitor for fraud waste and abuse a significant budget has been made available to existing Inspector General Offices in the federal agencies as well as created.

26:53

Additional congressional oversight commission a special Inspector General for pandemic recovery, which is overseen by the treasury Department.

27:01

And then the PRAC the pandemic response account accountability committee that Martie referenced earlier and that supervised by the Council of Inspectors General our audit colleagues experience these types of agencies and oversights when working with our banking clients during tarp, and they note that these Audits and investigations are pretty robust and very likely therefore it's super important to create a process to efficiently track sources and uses of funds to ensure that compliance that you have a mechanism to investigate any potential misuse to identify and investigate any potential misuses and essentially it prepare for an audit in advance while you are deploying and rolling out the use of these funds just preparing yourself for that defense mechanism the reporting requirements that Martie recommended and then any inquiries that come man after the fact and then there's the other 70 billion dollars.

28:02

On April third secretary Azar stated that a portion of the funding will be used to cover providers cost of delivering COVID-19 care for the uninsured at Medicare rates. So far unfortunately, no details have been provided.

28:16

We've had a number of questions related to that the provision defines uninsured as anyone that's not covered by a federal healthcare program or a group health plan or health insurance coverage offered by a health insurer. The Kaiser Family Foundation on April the seventh estimated that these costs will range between thirteen point nine billion and forty one point eight billion. So significant dollars related to the care for the uninsured. It's obviously the families first the FCRA appropriated one point billion in testing for uninsured patients to be paid through the NDMS. But again, no details have been provided on how providers are to submit claims and be reimbursed it does not.

29:02

designate or give us guidance on what to do related to the uninsured. Do you go ahead and bill patients that have no insurance? Or do you hold and wait for additional guidance and really right now we are thinking that's coming down to a matter of perception more than anything. There's no regulation that prevents you as a provider from doing that, you could bill and then just reverse the bill once the funding is available.

29:30

But right now, it's an organizational decision based on those unknown factors. Obviously, we expect additional information to be coming. You know, they tend to drop them. It's Friday. We may get some regulations at five o'clock this afternoon for us all to have some pleasure reading over the weekend. It is helpful when they give us that guidance, and it could again come from various sources, but we encourage you to continue to monitor our COVID-19 Hub. The link is listed here.

30:02

It also has prior webinar recordings and transcripts from other information that we've pushed out including our thought leadership. We are happy to answer any questions. Please submit those via the chat feature and we will follow up afterwards. Laura, I will hand it back over to you.

30:17

Thank you. Thanks to our presenters Lori Foley and Martie Ross. If you have any questions, their presentation and contact information will be emailed to you along with a recording of today's webinar. Also, if PYA can provide assistance please call or email us.

30:36

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