CARES Act Provider Relief Fund

Questions & Answers

Disclaimer: To the best of our knowledge, this information was correct at the time of publication. Given the fluid situation, and with rapidly changing new guidance issued daily, be aware that this content 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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#	Question Asked	Answer Given
1	**Are we able to make purchases for the facility today to help prevent a spread of any future outbreaks? Automatic doors, video capabilities for remote care**	To date, HHS has not provided any parameters for deciding whether a specific expense is "attributable to coronavirus." A conservative interpretation would require "but for" causation, i.e., the expense would not have been incurred but for coronavirus. A more expansive interpretation would encompass expenses a provider otherwise would have incurred regardless of the pandemic but are necessary to expand or preserve care delivery relating to COVID-19.
2	**Has there been any discussions with the Feds regarding the forgiveness of the payback of provider relief funds, particularly for critical access hospitals?**	To date, HHS has states it will provide directions in the future about how to return unused funds. We are not aware of significant discussions related to relief from this anticipated requirement.
3	**How do you calculate lost revenues? Can it be gross charges? or does it need to be net (after adjustments and contractuals)? How do you calculate Net Revenue when we don't know how exactly these will be accounted for in the cost report?**	The FAQs address this issue in the context of the information a provider was required to submit for the Round II funding, i.e., an estimate of lost revenue for March and April 2020. In that context, HHS advised a provider may use a reasonable method of estimating the revenue during March and April compared to the same period had COVID-19 not appeared. For example, a provider could compare actual performance to a budget prepared without taking into account the impact of COVID-19. HHS also advised that it would be reasonable to compare the revenues to the same period last year. HHS has not yet defined revenue: it could mean gross patient revenue, net patient revenue, or even net income. With regards to the cost report, per FAQs released by CMS on August 26: Question: How will the Provider Relief Fund (PRF) payments be reported on the Medicare Cost Report in terms of revenue? Answer: All providers must report the PRF payments on the cost report's statement of revenues for informational purposes. The revenue amount must be identified as COVID-19 PHE PRF. PRF payment amounts must be reported in aggregate on the following forms: • hospital, form CMS-2552-10, Worksheet G-3, line 24.50; • Skilled Nursing Facility, form CMS-2540-10, Worksheet G-3, line 24.50; • HHA, form CMS-1728-94, Worksheet F-1, line 31.50; • hospice, form CMS-1984-14, Worksheet F-2, column 3, line 16.50; • ESRD, form CMS-265-11, Worksheet F-1, line 31.50; • FQHC, form CMS-224-14, Worksheet F-1, line 28.50; and • CMHC, form CMS-2088-17, Worksheet F, line 20.50
4	**Can you claim both lost revenue and expenses or is it one or other since they use word "or " in terms and conditions?**	We interpret HHS guidance to mean that providers can consider both lost revenue and expenses in its use of PRF. In addition to the lack of distinction found within the FAQs - there is no guidance that providers must choose one or the other - HHS requested information for both on the Phase 2 General Distribution application.

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5	**Any guidance on the $750k single audit requirement is a per subsidiary that received/used vs consolidated parent total level requirement?**	A single audit shall cover the entire entity (consolidated) OR, at the option of the entity, a series of audits that cover departments, agencies, or other organizational units that have reached the expenditure threshold. Additionally, if an entity has only one program (one funding source), that entity may elect to have a program-specific audit instead of a single audit. A program -specific audit excludes the financial statement audit.
6	**What are the exact dates used by HHS for consideration? We also received PPP at the end of April and do not want to overlap.**	HHS has stated that it would be "highly unusual" for a provider to have incurred any expense "attributable to coronavirus" prior to January 1, 2020. Additionally, HHS has indicated that final reports must be submitted no later than July 31, 2021, indicating an "end date" for fund usage.
7	**Is lost revenue based on aggregate or can various modalities be separated. Some may not have lost revenue where others are significant loss.**	Because supporting documentation has been consistently requested at the tax identification number/entity level, we infer that lost revenue is considered in the aggregate. We note, however, that HHS did not state a provider must offset lost revenue by reduced expenses in making these projections.
8	**Lost revenues - If a hospital had to hold on implementing a new line of service due to COVID to prevent the risk of exposure to a high risk population, can this be considered in the calculation of lost revenue?**	See answer #3. If the new service line was budgeted prior to COVID, yet deferred due to COVID, it logical to assume it can be included in the calculation. Corporate risk tolerance should be considered.
9	**For CAH's should Medicare lost revenue be excluded from the calculation since that will be picked up on the cost report?**	On August 26, CMS published the following FAQ regarding cost reports and PRF payments. CMS has not specifically addressed CAH cost report issues. Question: Should PRF payments offset expenses on the Medicare cost report? Answer: No, providers should not adjust the expenses on the Medicare cost report based on PRF payments received. However, providers must adhere to HRSA's guidance regarding appropriate uses of PRF payments, in order to ensure that the money is used for permissible purposes (namely, to prevent, prepare for, or respond to coronavirus, and for health care related expenses or lost revenues that are attributable to coronavirus) and that the uses of the PRF payments do not violate the prohibition on using PRF money to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.
10	**Are there any clarifications/ parameters that we should be seeking legislative remedies from our legislators?**	See question #2

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11	**Distributions were at the TIN level and many systems aggregate under a single TIN. The Targeted Distributions were determined at the specific CCN/NPI level but we did not have access to be able to determine or validate all distribution calculation (Safety Net). This was because we did not know some national information used or aware the actual data source used (year - "Most Recent Tax Return"). Are you aware of any way to obtain more information around the HHS calculation support? Would be very helpful for HHS to share an actual TIN's detailed distribution calculation to confirm. Any comments here?**	Unfortunately, we are not aware of any mechanism from HHS to reconcile payments received.
12	**If a provider begins to experience an increase in volumes and revenues due to delayed care, assume that will need to play into the overall revenue loss calculation. Difficult to determine when we operate under Pandemic conditions vs when business begins to return to normal.**	To date, HHS has not advised that providers are required to net revenues and losses. Additionally, in its reporting guidance, it indicates that if funds are fully utilized prior to December 31, 2020, providers may file a single, final report. Because providers are not required to include activity into 2021 (unless they have funds yet to utilize), it indicates that HHS is not requiring a universal runout/netting period at this point in time.
13	**For Expenses submitted to one fund that is partially funded (e.g., capital purchase covered under FEMA but has disposition rule) - can remainder be covered under CARES)? Our understanding is yes as long as expense is split appropriately with tracking and auditing.**	PRF recipients certify that they will not use the payment to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. The portion of an expense that is clearly COVID related and that is not covered by the FEMA fund may be an allowable expense. Additional analysis of your circumstances would be necessary to provide a specific opinion.
14	**Please explain more about the lost revenue and expenses. I thought the lost revenue was too prove the amounts distributed were allowed to be kept but those amounts distributed still needed to be spent**	PRFs were provided to supplement revenue lost and expenses incurred related to COVID.
15	**Do we also need to consider employee retention credit for the double counting?**	PRF recipients certify that they will not use the payment to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. It would be important to consider all other sources utilized including tax credits (differentiated from tax deferrals where the financial obligation is retained, just delayed), FEMA and Payroll Protection Program funds.
16	**Does that include physicians for excess of $197,000**	Yes, physicians are included in this cap on the use of PRF funds.
17	**When you mention reporting expenditures through Dec 31, 2020, when would the start date be?**	See question #6

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18	**What if the fiscal year end is 06/30 so expenses would not be possible to reallocated**	This question is dependent on the accounting method utilized, year-end recognition, as well as whether the organization is audited or not.
19	**Would lost revenue include reduced subsidies (compared to budget) given by local governments to help offset cost for uninsured care?**	See answer #3. If the subsidy was budgeted prior to COVID, yet deferred due to COVID, it logical to assume it can be included in the calculation. Corporate risk tolerance should be considered.
20	**What about reductions in State DSH and Low Income Pool funding, can that be included as Lost Revenue? Thanks**	See answer #3. If the funding was budgeted prior to COVID, yet deferred due to COVID, it logical to assume it can be included in the calculation. Corporate risk tolerance should be considered.
21	**I have been told we can only use Current Year Actual compared to Past Year Actual or Budget Year Actual based on each Period or Month. Can you still use reasonable method such as Average Revenue YTD by period up to March to Revenue Lost March - April? Our year had more revenue than budgeted or previous year actual (rate increase & volume) so we are basically penalized for doing better precovid and held to a lower operation margin and not really made whole for the last part of the year.**	See answer #3. Corporate risk tolerance should be considered when evaluating if a certain methodology could be deemed reasonable.
22	**We are a combined facility so received SNF, RHC and CAH provider relief under our one TIN. Does lost revenue or expenses need to be specific to these units? Question he answered said same TIN - we have same TIN just different Medicare ##s.**	The FAQs indicate that Provider Relief Fund Targeted Distribution payments cannot be transferred from the recipient subsidiary to a subsidiary that did not receive the payment. Control and use of the funds must remain with the entity that received the Targeted Distribution payment as its purpose is to support the specific financial needs of the payment recipient. While technically the recipients are all under one TIN, we believe it would be prudent to direct the use of the funds to the intended departments. It is also important to maintain an audit trail.
23	**How are you advising clients to evidence that they are not using funds to pay salaries in excess of $197,300?**	We recommend clear documentation showing that any salaries paid using PRF funds were below the $197,300 threshold. If an FTE has a salary in excess of $197,300, there should be additional entries reflecting the excess was paid by other means.
24	**What time periods are considered? March thru current or only certain months?**	See question #6
25	**What about future lost revenues. As a specialty hospital lost revenues are not just for those months of COVID but longer. For example out of state patients started care in their own community and will stay in their community. It is not just the lost revenues for those few months, but future services they would have received also.**	See question #3

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26	**If expenses where eligible for FEMA but did not get asked for from FEMA but could have been, Is that eligible? Understand can't double dip, but is HHS only payer of last resort for expenses.**	HHS does not require providers to pursue other relief options such as FEMA or Payroll Protection Program funds relief prior to utilizing CARES Act PRF. However, if a provider applied for and received alternative funds, and these funds are intended to cover certain COVID-related expenses, then PRF funds could not be used to cover the same expenses again.
27	**Besides those expenses that are excluded, do all other expenses qualify to use funds or do they have to be COVID specific? For example, can I allocate funds to pay General funds to pay all rents and use PPP funds to pay appropriate staffing costs?**	The Terms & Conditions state that PRF payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the Recipient only for health care-related expenses or lost revenues that are attributable to coronavirus. Pre-COVID rent expenses would likely be disallowed. An example of an allowed expense would be rent associated with acquiring additional space to facilitate COVID testing and treatment. The Payroll Protection Program (PPP) has specific guidance as to which expenses are allowed and the treatment of those expenses.
28	**If a health system has a solid case for showing the funds were used to cover lost revenues, do the terms and conditions around "Use of Funds" (e.g. Exec Pay, Lobbying, Vendor with unpaid federal tax liability) become irrelevant?**	Many providers received PRF that is less than or equal to the revenue lost as a result of COVID. Presumably HHS will require documentation related to the provider's use of funds; in these scenarios, we anticipate submitting documentation of lost revenue will suffice. That notwithstanding, it would be prudent to include safeguards to ensure funds are clearly not used for executive pay in access of allowable limits, lobbying and vendors with unpaid tax liabilities.
29	**If specific programs are at a loss, but the overall entity is at a profit - do you feel (based on the provided guidance) that it would be appropriate to apply the HHS funding to the program at a loss? This would be within in the same EIN**	See question #7.
30	**The rural health clinic funding can't be used for lost revenue, correct? It is specific to funding testing, right?**	HRSA's Federal Office of Rural Health Policy awarded $225 million to approximately 4,500 rural health clinics to support COVID-19 testing. This award is separate from the Provider Relief Fund payments independent rural health clinics received, which may be used for lost revenue and expenses attributable to COVID-19. (Provider-based rural health clinics did not receive separate Provider Relief Fund payments; these amounts were incuded in the payment made to their CAHs.)
31	**If we have provider based agreements (anesthesia for example) that require us to subsidize their operations and that subsidy increases because of their revenue being reduced due to elective procedure shut down...can this be viewed as a COIVD related expense?**	See answer to #1
32	**What if you stopped development of a line of service or new facility that was anticipated to open? Could this be included in lost revenue?**	See question #3
33	**If our facility can support the amount of the funds with lost revenue, will we need to show how those funds were used**	See question #29

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34	**We are struggling with the Balance Billing when payers do not adjudicate claims as if they were in network**	The Terms & Conditions state that PRF receipients will not balance bill patients for COVID related services. Many payers indicated a willingness to process COVID claims as if in-network, though they are not bound to this. We recommend following up with the payer to see if they will reprocess as if in-network. If they will not, the out-of-network provider may seek to collect from the patient out of pocket expenses, including deductibles, copayments or balance billing, in an amount no greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network provider.
35	**Do you need to document by legal entity receiving the funds or at the Consolidated ownership level (holding company)?**	See question #7.
36	**Do we need to worry if we received under $150K in funds?**	HHS has stated all recipients of $10,000 or more in Provider Relief funds will be required to submit reports regarding the expenditure of those funds. All recepients of PRF can be selected for audit though risk may be lower for those who received less than $150,000. We believe it is still prudent to prepare an audit file.
37	**It has been hard to track targeted and general distributions. Where can we go to make sure that we segregated these funds correctly?**	See question #11.
38	**For calculating lost revenue, can you use run rate relative to budget or prior year?**	See question #3
39	**What is the latest date that funds can be expended to qualify for Covid usage?**	See question #6
40	**How does this tie-in to year end financial reporting? if an organization's defers do the funds get recognized in FY2021?**	Relief funds that have not been expended for their intended purpose at the end of the fiscal year should be deferred and recognized as revenue once qualifying expenditures have been incurred.
41	**What about recognizing Paycheck Protection forgiveness from SBA loan and Revenue lost grant funding from Cares act in the same month (period).**	Borrowers can submit Loan forgiveness applications any time on or before a Loan's maturity date, including before the end of the applicable Loan forgiveness covered period, if all the PPP loan proceeds for which forgiveness is sought have been used. If a Borrower does not apply for PPP loan forgiveness within ten months after the last day of its Loan forgiveness covered period, or if the SBA determines that the Loan is not eligible for forgiveness in whole or in part, then the Loan will no longer be in deferred status, and the borrower must begin paying principal and interest. All Loan forgiveness covered periods will end on December 31, 2020, if they have not ended before then. Keep in mind that the IRS has clarified that any forgiveness expenses are not deductible.
42	**Does the lost revenue calculation throughout the health group? can one subsidiary uses budget to actual, the other one uses year to year comparison?**	See questions 6 and 7.
43	**We received a payment with no indication which phase or disbursement it was associated with and therefore, unsure which attestation to give**	When attesting to the funds, providers are required to input their tax identification number and the exact amount of the distribution received. Assuming the portal accepts your entry, it should take you to the correct attestation.