



# **So Now What? Latest Provider Relief Fund Developments**

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# Introductions

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# What's New?

1. Reporting Deadline Grace Period
2. Phase 3 Reconsideration Process
3. \$17 Billion Phase 4 General Distribution
4. \$8.5 Billion American Rescue Plan Rural Distribution
5. Latest FAQ Updates

# 1. Reporting Deadline Grace Period

- Recipients required to report by 09/30/21 may delay until 11/30/21 without penalty
  - Received at least \$10K in aggregate by June 30, 2020
  - Impacts approximately 125,000 providers (of the 412,614 providers that have attested to receipt of at least one PRF payment)
  - No application or notification process
- Deadline for return of unused funds effectively moved from 10/30/21 to 12/30/21
  - Impact on interest calculation?
- Should you wait to report?
  - HRSA says report as soon as you're able
  - Impact on subsequent distributions? Additional changes to guidance? Congressional intervention?

## 2. Phase 3 Reconsideration Process

- General Distributions (2% annual net patient care revenues)
  - Phase 1 (automatic) - \$46 billion to 320,000 Medicare providers
  - Phase 2 (application) - \$6 billion to 61,000 additional providers
  - Phase 3 (application) - \$24.5 billion to 97,000 providers
- HRSA to establish reconsideration process for providers questioning amount of Phase 3 distribution received
  - Released detailed Payment Calculation Methodology - <https://www.hrsa.gov/sites/default/files/hrsa/provider-relief/phase-3-methodology-overview.pdf>
  - Stay tuned for more details – <https://www.prfreconsiderations@hrsa.gov>

# Phase 3 Calculations

- Provider's General Distributions should equal the greater of -
  - 2% of annual net patient care revenues
    - Annual gross revenues for most recent tax year multiplied by % of that revenue attributable to patient care
  - 88% of adjusted lost revenue and expenses (Q1/Q2 2019 and Q1/Q2 2020)
    - Calculate losses as lost revenue minus change in expenses
    - Calculate loss ratio as losses divided by annual patient care revenue
    - Adjust loss ratio as appropriate (comparison to provider-type loss ratios)
    - Calculate adjusted lost revenue and expenses as annual patient care revenue multiplied by adjusted loss ratio
    - Multiply by 0.88

## 3. \$17 Billion Phase 4 General Distribution

- Consolidated Appropriations Act directs HHS to issue new General Distribution phase consisting of no less than 85% percent of unobligated balances and payments recovered from providers.
- Eligibility based on “financial losses and changes in operating expenses occurring in the third or fourth quarter of [CY] 2020, or the first quarter of [CY] 2021, that are attributable to coronavirus.”
- HRSA announced new \$17 billion distribution on 09/10/21
  - Portal opens 09/29/21 - four-week application period
  - More detailed instructions to come – HRSA webinars scheduled for 09/30/21 and 10/05/21
  - Expect most funds to be distributed by mid-December; must expend funds by 12/31/22
    - Limited to expenses and lost revenue prior to 03/31/21?
  - Presumably subject to same rules as prior PRF distributions

# Like Phase 3, But Different

- \$12.75 billion (75%) distributed based provider-reported lost revenue and expenses between 07/01/2020 and 03/31/2021
  - Similar to Phase 3 calculation of adjusted lost revenue and expenses
  - All providers receive a base payment; small and medium providers receive supplemental payment (vs. 88% for all providers)
- Remaining \$4.25 billion distributed as bonus payments based on the amount and type of services provided to Medicare, Medicaid, & CHIP beneficiaries (normalize to Medicare rates)
- “No provider will receive a Phase 4 payment that exceeds 100% of their losses and expenses.”



# Unobligated Funds

- As of 12/31/20, Congress has appropriated **\$178,000,000,000** to the PRF
- As of 09/15/21, 412,614 providers have attested to receipt of **\$118,682,801,966** in PRF distributions
- As of 09/15/21, 42,631 providers have received **\$10,831,962,324** for COVID-19 testing, treatment, and vaccine administration for the uninsured (up \$200 million in one week)
- That leaves **\$48,485,235,710** remaining for distribution – although HRSA says “about \$39 billion”

## 4. \$8.5 Billion American Rescue Plan Rural Distribution

- Statutory language limits use of funds to expenses and lost revenues that are attributable to COVID–19, but not limited to specific time period
- Providers that serve rural patients (even if located in urban area)
- Apply using same process as Phase 4 General Distribution
- HRSA will use Medicare, Medicaid, & CHIP claims data to calculate amount of services furnished to rural patients (normalize to Medicare rates)
  - Payments calculated using yet-to-be-announced formula - those serving larger number of rural patients will receive larger payments
- Funds to be distributed by Thanksgiving; must be expended by 12/31/21
- Subject to same rules as PRF distributions?

## 5. Latest FAQ Updates

- Single Audit
  - Non-profit corporation (NPC) with multiple subsidiaries, including a for-profit subsidiary (FPS), that are consolidated for financial reporting purposes can include FPS' expenditures in NPC's Single Audit
  - For-profit corporation has multiple subsidiaries that are consolidated for financial reporting purposes, and some of the subsidiaries also report separately can have one financial-related audit of all HHS awards that incorporates all entities
  - Multiple for-profit entities under common control that issue combined financial statements can have one financial-related audit of all HHS awards that incorporates each of the entities
- Reimbursements for COVID-19-related services for uninsured included as "other" in "Total Revenues/Net Charges from Patient Care Related Sources" - NOT in "Other Assistance Received"

# Expenses

Q: How do I determine if expenses should be considered “expenses attributable to coronavirus not reimbursed by other sources?”

A: The Provider Relief Fund permits reimbursement of ~~marginal increased~~ expenses related to coronavirus provided those expenses have not been reimbursed from other sources or that other sources are not obligated to reimburse.

## December 2020 Allowable Expenses Overview

When considering if an expense is allowable under the use of funds policy, ask yourself:

- Is this expense necessary and reasonable to support patient care efforts to prepare for, prevent, or respond to coronavirus?
- Is this expense incurred consistent with our organization’s policies and procedures?

# Escape From the Parent Trap?

Q: How should providers that require separate reporting on behalf of parent entities and/or subsidiaries calculate lost revenue across these entities?

A: The [parent] has discretion in allocating the payments to support its subsidiaries' health care-related expenses or lost revenues attributable to coronavirus, so long as the payment is used to prevent, prepare for, or respond to coronavirus and those expenses or lost revenues are not reimbursed from other sources or other sources were not obligated to reimburse.