

## Provider Relief Funds Reporting Requirements

On April 7, 2020, CMS Administrator, Seema Verma with great fanfare announced \$30 billion of Provider Relief Funding for healthcare providers with “**no strings attached**”. In direct contrast on Saturday, September 19, 2020 HHS announced the Reporting Requirements for the Provider Relief Funds (PRF). This six-page document outlined the rigorous and burdensome reporting requirements for recipients of the provider relief funds and presented them with some almost impossible reporting deadlines. This document can be found [here](#).

Even more troubling than the administrative and reporting nightmare outlined in the document is the methodology described in the requirements would require a large number of providers to pay back a substantial portion of the funds. The American Medical Association is quoted as saying “**The American Medical Association estimates that 80% of physician practices will pay back 80% of Provider Relief Funds based upon the most recent guidance**”. The American Hospital Association in a September 25, 2020 letter to CMS which can be found [here](#) expresses similar concerns and cites one hospital that will have to back \$3.9 million of the \$4.5 million of provider relief funding based upon the September 19, 2020 guidance. While we do not have good estimates for potential paybacks by rural health clinics at this time “many providers should anticipate that they will no longer qualify to retain all of the funds” per Jeff Bramschreiber, CPA from Wipfli. Jeff speaking to RHCs says “**there is no need to panic** but just be aware that any surplus of cash that may be on hand today may be needed to offset future losses or pay back some HHS money.”

Based upon our initial reading of the Provider Relief Funds Reporting Requirements here are some key takeaways:

- The rules are much stricter than presented in the June 19, 2020 guidance from HHS.
- It is going to be much more difficult to keep all the Provider Relief Funds.
- Expenses will be the starting point for the calculation and the definition seems to have changed and are confusing. Here is what the document says: “expenses attributable to coronavirus may be incurred in both direct patient care overhead activities related to treatment of confirmed or suspected cases of coronavirus, preparing for possible or actual coronavirus cases, **maintaining healthcare delivery capacity which includes operating and maintaining facilities, etc.**” We need clarification of what exactly is allowable.
- Lost Revenues cannot be budgeted revenues – only the variance in net patient revenues from 2019 and 2020. The definition of “lost revenue” is much narrower than before.
- An RHC can NOT make more money in 2020 than in 2019 due to Provider Relief Funds. Any excess will have to be paid back.
- An RHC that lost money in 2019 can use Provider Relief Funds to break even and then must return any excess Provider Relief Funds.
- Recipients of Provider Relief Funds may not include salary expenses at a rate in excess of Executive Level II which is currently set at \$197,300 in the expense calculations.

HHS produced an infographic which summarizes the guidance which can be found [here](#) and includes a listing of Key dates and reporting actions as follows:

- Jan. 15, 2021: reporting portal opens for providers
- Feb. 15, 2021: first reporting deadline for all providers on use of PRF funds expended in 2020
- June 30, 2021: All Provider Relief Funds must be expended
- July 31, 2021: final reporting deadline for providers who did not fully expend PRF funds prior to 12/31/2020

If you are interested in finding out more about PRF funds [here](#) is a presentation which goes into much more detail. Hopefully, this will not be the final word from HHS on this reporting. Please reach out to your legislators and express your dismay at the probability of having to pay back substantial portions of PRF and the administrative nightmare this guidance has created for all healthcare providers that continue battling COVID-19 placing their health at risk.

**Mark R. Lynn, CPA (Inactive), CRHCP**  
Healthcare Business Specialists, LLC  
[marklynnrhc@gmail.com](mailto:marklynnrhc@gmail.com)