



Your voice. Louder.

# COVID Funding Reporting Requirements

NRHA CoBank Technical Assistance Center

Tommy Barnhart

October 7, 2020

# Covid Funding



- 
- Public Health and Social Services Emergency Fund (PHSSEF) or Provider Relief Fund (PRF)
  - Discuss various CARES Act PRF distributions
  - Discuss reporting requirements
    - Current information available
    - NRHA questions

# CARES Act Funding Provisions - PHSSEF



- Provider Relief Fund (PRF)
  - \$100B in original CARES Act – plus \$75B from COVID 3.5
- \$50 billion general allocation was allocated in proportion to each healthcare provider's share of 2018 total patient revenue
  - First \$30B was distributed based on 2019 Medicare revenue only
  - Second tranche of \$20B distributed based on total 2018 revenue and reconciled with the first phase.
  - Some only got from \$30B
- Treatment of uninsured COVID-19 patients at Medicare rates. Providers must register for this reimbursement program and submit claims

# CARES Act Funding Provisions - PHSSEF



- Targeted distributions:
  - \$22B COVID-19 High Impact
  - Rural:
    - \$10.2B Rural hospitals, RHCs and FQHC rural sites
    - \$1.1B Rural hospitals, certain urban hospitals in rural areas and hospitals in small metropolitan areas
  - \$7.4B Skilled nursing facilities
  - \$500M Tribal hospitals, clinics and urban health centers
  - \$14.7B Safety net and children's hospitals
- \$15B Medicaid providers

# CARES Act Funding Provisions - PHSSEF



- About \$50B remaining to be distributed
  - Uninsured portion?
  - Phase 3 - \$20B
    - Announced October 1
    - **Providers must apply by November 6**
    - 2% of net revenue – if not already received in 1<sup>st</sup> and 2<sup>nd</sup> round
    - Additional amount – change in operating revenues and/or expenses
      - Calculation uncertain – pending applications received

# CARES Act Funding Provisions - Other



- 
- Sequestration abatement for services 5/1 – 12/31/20
  - Payroll Protection Program
  - Employee Retention Credit – if not eligible for PPP
  - Community Health Centers (CHC) - \$1.32B
  - Telehealth flexibilities
  - Other rural funding through HRSA
  - **Additional CARES COVID 3.5**
    - Community Health Centers (CHC) - \$600M
    - Rural Health Clinics - \$225M

# HHS & HRSA Distributions



- 
- Attestations required for each distribution
  - Purpose - COVID expenses & lost revenue
  - Will be subject to single audit requirements – guidance is not available yet (consult your auditors)
  - Follow HHS FAQs – updated frequently
  - <https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/faqs/index.html>

# HHS Distributions - Reporting



- Reporting:
  - Original quarterly reporting – eliminated in FAQs.
  - Guidance released 9/19/2020 – link
    - <https://www.hhs.gov/sites/default/files/post-payment-notice-of-reporting-requirements.pdf>
  - Reporting portal opens in January 15, 2021 – on HHS website
  - Reporting will cover all Provider Relief Fund distributions – **does not include:**
    - Nursing Home Infection Control, RHC testing or Uninsured Program
  - Reporting periods:
    - 1<sup>st</sup> report covers calendar year 2020 – due 2/15/2021
    - 2<sup>nd</sup> and final report due 7/31/2021
  - Evaluation period for expenses & lost revenue – ends 6/30/2021



# HHS Distributions - Reporting



- Reporting components:
  - Demographic information – generally by tax ID **however** if specific funds for separate tax ID (like SNF), they must be reported separately
  - Expenses attributable to Coronavirus not reimbursed by other sources
    - Different reporting for \$10,000 - \$499,000 and over \$500,000
  - Lost revenues attributable to Coronavirus
  - Non-financial data – by quarter
    - Personnel, patient and facility metrics
    - Change in ownership data
  - Single audit requirements – over \$750,000 per year – consult auditors

# HHS Distributions - Reporting



- **First level of reporting**
- Healthcare related expenses attributable to coronavirus
  - Treating confirmed or suspected cases of coronavirus, preparing for possible or actual coronavirus cases, maintaining healthcare delivery capacity, etc.
  - Not reimbursed or obligated to be reimbursed by other sources
  - Believed to be required by quarter FY 2020 and 2021 (if needed)
  - General & administrative expenses such as personnel, fringe benefits, rent/lease, etc.
    - Individual salaries limited to \$197,300 per year
  - Direct coronavirus expense such as supplies, equipment, IT, facilities, etc.

# HHS Distributions - Reporting



- **Second level of reporting**
- Lost revenues attributable to coronavirus
  - Negative change in year-over-year net operating income from patient care related sources: calendar year 2020 vs 2019 *and* 1/1-6/30/2021 vs 2019 (if needed)
    - Patient care revenue *less*
    - Patient care expenses for the Reporting Entity that received the funding
      - Net of healthcare related expenses attributable to coronavirus reported in Level 1
  - Limits on lost revenue:
    - Up to the amount of 2019 net gain from healthcare related sources
    - If loss in 2019, up to zero gain or loss in 2020

# HHS Distributions - Reporting



- Lost revenues attributable to coronavirus
  - All data reported by calendar quarter FY 2019 and 2020 (2021 if needed)
  - Total revenue from patient care sources
    - Health care services
    - Not including grants or “other” income
  - Net patient service revenue
    - “Actual revenues/net charges” from Medicare (A, B &C), Medicaid and commercial payers
    - Self pay – collections net of bad debts
    - Other sources for patient care services

# HHS Distributions - Reporting



- Lost revenues attributable to coronavirus
  - Net patient revenue – for cost-based CAHs & RHCs would presumably include reimbursement for all allowable expenses
  - Presumably, all reporting is on accrual basis – but that is not specified
- Other Assistance Received:
  - SBA/PPP
  - FEMA CARES Act
  - CARES Act testing
  - State, local & Tribal government assistance
  - Business insurance and other sources (presumably this would include other grants for Covid purposes)

# HHS Distributions - Reporting



- Total expenses (by quarter)
  - FY calendar 2019 and 2020 (2021 if needed)
  - For the entire reporting entity
  - Not including expenses reported in Level 1
  - General and administrative – includes normal operating expenses
    - Individual salaries limited to \$197,300 per year
  - Direct expenses related to coronavirus

# HHS Distributions - Reporting



- NRHA questions/discussions with HHS:
  - FAQs in process by HHS and will be issued “soon”
  - Some NRHA questions:
    - CAH/RHC cost-based reimbursement impact on net revenue
    - Clarify limits on lost revenue
    - When is PPP forgiveness recognized?
    - Does decline in sales tax receipts and other grants count toward lost revenue?
    - Does 340B revenue enter into lost revenue?
    - How are one-time revenue adjustments handled?
    - How are UCC/UPL grants handled – patient income or not?
    - Capital purchases, debt payments, etc.?
    - Expand definition of “maintaining healthcare delivery capacity”

# Cost Report Treatment

---



- CMS Issued FAQs on August 26
  - No offset for:
    - PPP loan forgiveness
    - Provider Relief Funds (PRF)
    - RHC distribution not mentioned but should follow PRF
  - FAQs include specific cost report guidance on how to report PPP forgiveness, CARES Act revenue, COVID payments for uninsured and other COVID funding.
  - Link for CMS FAQs including cost report guidance:
- <https://www.cms.gov/files/document/medicare-telehealth-frequently-asked-questions-faqs-31720.pdf>



# Contact Information

---



Tommy Barnhart  
[tbarnhart@nrharural.org](mailto:tbarnhart@nrharural.org)  
336-978-0357