COVID Funding Reporting Requirements

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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 1st and 2nd 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

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:
    • 1st report covers calendar year 2020 – due 2/15/2021
    • 2nd 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
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:
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