CARES ACT

GENERAL OVERVIEW OF REPORTING REQUIREMENTS
CARES FUNDING

- General Distribution
- Targeted Distribution
  - COVID-19 High-Impact
  - Rural Distribution
  - Skilled Nursing Facilities
  - Tribal Hospitals, Clinics and Urban Health Centers
  - Safety Net Hospitals
INTENT OF CARES FUNDING

- Healthcare related expenses
- Lost revenues
- Nursing Home infection control
- Rural Health Clinic testing
- Reimbursement for uninsured recipients
SINGLE AUDIT

• Reporting entities that expended $750,000 or more
• Aggregated federal financial assistance
• Based on your fiscal year
• Auditors to determine the scope of the Single Audit
SINGLE AUDIT

• Single Audit appendix related to the CARES Act has not been released
• What will be tested?
  • Allowable Costs/Cost Principles
  • Cash Management
  • Eligibility
  • Period of Performance
  • Reporting
• Internal controls over the CARES funding
• Compliance over the CARES funding
Many Providers have never had a single audit
Applies to For Profit Providers also
What to expect?
- Additional expenses (auditor fees – can be claimed in the reporting)
- Detailed questions regarding internal controls and compliance
- Requests for documentation
- Possible significant deficiencies or material weaknesses of internal control comments
- Possible compliance comments
- Reports are submitted to the Federal Audit Clearinghouse
REPORTING REQUIREMENTS - TYPES

• Healthcare related expenses and loss revenues
  • Requirements posted on September 19, 2020
  • https://www.hhs.gov/sites/default/files/post-payment-notice-of-reporting-requirements.pdf
• Nursing Home infection control (no reporting guidance yet)
• Rural Health Clinic testing (no reporting guidance yet)
• HRSA Uninsured Program reimbursement recipients (no reporting guidance yet)

• Note: Reporting required for recipients who received over $10,000
REPORTING DUE DATES

• Reporting system opens on January 15, 2021

• Reporting expenditures through December 31, 2020
  • Due 45 days after December 31, 2020 (February 15, 2021)

• Reporting expenditures after December 31, 2020 til June 30, 2021
  • Due July 31, 2021
  • Not required if all funds were expended in 2020
REPORTING DETAILS - GENERAL

• Basic organization information
• Other assistance received in 2020
  • Paycheck Protection Program (PPP)
  • FEMA CARES Act
  • CARES Act testing
  • Business insurance
  • Other assistance
• Non-financial information
  • Employees (total, rehires)
  • Patients (visits, admissions)
  • Facility (staffed beds)
REPORTING DETAILS - EXPENSES

- Types of expenses
  - Expenses incurred in treating confirmed or suspected cases
  - Preparing for possible or actual cases
  - Maintaining healthcare delivery capacity
  - etc
• Expenses attributable to COVID-19 – two categories ($10,000 to $500,000)
  • General and administrative
  • Healthcare-related expenses
• If expenses are over $500,000, more detail breakdown needed
  • G&A
    • Mortgage/Rent
    • Insurance
    • Personnel
    • Benefits
  • Healthcare-related
    • Supplies
    • Equipment
REPORTING DETAILS – LOST REVENUES

- Lost Revenues
  - Net revenue from patient care for calendar years 2019 and 2020
  - Reported by calendar quarter
  - Reported by patient care payer mix
    - Medicare A+B
    - Medicare C
    - Medicaid
    - Commercial insurance
    - Self-pay
    - Other
REPORTING DETAILS – LOST REVENUES

• Providers can claim up to the amount of their 2019 net gain or
• Providers who reported a negative net operating income in 2019 can claim up to a net zero gain/loss in 2020
REPORTING REQUIREMENTS

• Any expenses covered under other assistance cannot be claimed under the CARES Act.
  • PPP loan forgiveness amounts: wages, benefits, rent, etc.

• Does not permit salary above Executive Level II set at $197,300

• Any unspent funds are to be returned to HHS
REPORTING REQUIREMENTS

- Clarifications and FAQs will be forth coming
- Look for webinars, teleconferences and HHS website for further guidance
COST REPORTING

• Provider relief fund payments via the CARES act should not offset expenses on the Medicare cost report.

• Do not offset SBA Loan Forgiveness amounts against expenses

• Reporting – report income on the cost report’s statement of revenues for informational purposes.
CONTACT INFORMATION

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