

# CARES ACT

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GENERAL OVERVIEW OF REPORTING REQUIREMENTS



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# CARES FUNDING

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



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## INTENT OF CARES FUNDING

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



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## SINGLE AUDIT

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- 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



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## SINGLE AUDIT

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- 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



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## SINGLE AUDIT

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- 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



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## REPORTING REQUIREMENTS - TYPES

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- 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



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## REPORTING DUE DATES

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- 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





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## REPORTING DETAILS - GENERAL

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- 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

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- Types of expenses
  - Expenses incurred in treating confirmed or suspected cases
  - Preparing for possible or actual cases
  - Maintaining healthcare delivery capacity
  - etc



# REPORTING DETAILS - EXPENSES

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- 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

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- 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



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## REPORTING DETAILS – LOST REVENUES

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- 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

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- 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

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



# COST REPORTING

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- 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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