

The Department of Health and Human Services (HHS) has released information on the reporting of information relative to the Provider Relief Fund (PRF). HHS is collecting information on coronavirus (COVID)-related expenses and lost revenues due to COVID. The scope of reporting and the methodology that is proposed to be applied is significantly different than discussed in documents provided during the pandemic. The information provided here is based on information available on November 2, 2020 and provided by HHS.

HHS has clarified the use of outside sources of funding through their FAQs. These outside sources must be offset against health care-related expense. PRF payments would be applied to the remaining expense. This methodology is consistent with the language of the CARES Act, which states “Provided, that these funds may not be used to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.” Source: 134 STAT. 463 of Public Law 116-136-Mar. 27, 2020.

The definition of lost revenue has been made more liberal, as compared to the September 19, 2020 guidance. The lost revenue is a comparison of 2019 and 2020 total patient care revenue. If the provider relief funds are not expended in full by the end of 2020, revenue for the first six months of 2021 may be compared to the revenue for the first six months of 2019. A revenue reduction for these 2 periods may be used to offset the provider relief funds.

The FAQs have inferred that there has to be an incremental cost increase for expense to be considered as related to coronavirus. The example provided was the PPE expense increase between 2019 and 2020. There are expenses that have been incurred during 2020 may be treated differently under the Payroll Protection Program (PPP) and the CARES Act. There is also an illustration of incremental cost in the FAQs that was not coronavirus expense-specific. It is yet to be determined whether this example will be prescriptive and be used in the calculation. In addition, the repayment terms may be different between PPP and PRF. There may be an advantage to assign some expenses that qualify for both PPP and PRF as PRF and not PPP, since there is a minimum 2-year period and 1% interest rate for the PPP loans. We anticipate that the PRF “overpayment” will be due soon after July 31, 2021.

It is important to understand the changes in revenue and expense between 2019 and 2020, the funds from outside sources, and the interaction between the multiple funding programs (PRF, PPP, Medicaid).

Please contact us before you submit your information for PPP loan forgiveness and PRF.

The team at CBSI has been following the funding during the COVID pandemic, and is available to assist you on PRF reporting matters including:

- General consulting on the funding
- Gathering information to support COVID expenses and lost revenue
- Providing a second opinion on issues surrounding PRF
- Preparation of the report

The reporting system opens for providers on January 15, 2021, with a reporting deadline of February 15, 2021. For those providers that did not fully expend PRF funds prior to December 31, 2020, there is a final reporting deadline of July 31, 2021 for the period ending June 30, 2021.

For questions regarding this information and available services, please contact:

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