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Insights

Hurry Up and Wait: HHS Delays Reporting Requirements on Coronavirus Provider Relief Funds

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On January 15, 2021, HHS updated its **guidance** on the reporting requirements for recipients of payments under the Coronavirus Provider Relief Fund ("PRF") that exceeded $10,000 in the aggregate. This latest notice supersedes the previous **guidance** communicated by the agency on November 2, 2020 and sets forth the following major updates:

Delay in Reporting: The main development of the updated guidance is that the opening of the portal for submitting reports on use of the PRF distributions has been delayed to an unspecified date past January 15, 2021. Currently, the portal is only available for PRF recipients to register in advance of the yet to be announced reporting window.

Reporting Lost Revenue: For PRF payments that exceed healthcare related expenses attributable to the coronavirus, the remaining amounts may be applied to lost revenues attributable to the coronavirus. The new guidance now offers three options for applying PRF amounts to lost revenues:

(1) <u>Actual vs. Actual</u> - The difference between actual patient care revenues in 2019 and 2020.

(2) <u>Actual vs. Budgeted</u> - The difference between budgeted patient care revenue in 2020 and actual patient care revenue in 2020. The 2020 budget utilized for this methodology must have been established and approved prior to March 27, 2020. Additional documentation will be required under this methodology at the time of reporting and may include an attestation regarding the approval of the budget.

(3) <u>Any Reasonable Method</u> - Any reasonable method of estimating revenue. A description of the methodology must be attached to the reporting submission with a detailed explanation and identification of how the lost revenues were attributable to the coronavirus and not incurred for another reason. Therefore, reporting under this method is subject to automatic review and an increased risk of audit. If rejected, the PRF recipient will be required to re-submit its report utilizing one of the other 2 methods within 30 days' notice.

Interest Earned on PRF Payments: If recipients retained PRF payments in an interest-bearing account, the dollar value of interest earned on such payments must be reported in the total PRF distributions received.

Practical Takeaways

- In selecting a methodology for tracking lost revenues, consider the impact of the recipient's year-end for accounting purposes and whether that affects the ability to meet the criteria of a methodology.
- Be mindful of tracking all general and targeted distributions and how PRF amounts may have shifted among parent and subsidiary entities.
- If a recipient is applying funds under the "any reasonable method" approach, consider also tracking use of PRF funds under one of the other methodologies in order to be able to timely respond to a rejected submission.
- Recipients should also monitor PRF reporting requirements moving forward given the change in Presidential administrations. Interpretation of the present guidance along with the scope and speed of any future guidance under the new HHS agency leadership remains uncertain and subject to change.

If you have any questions or would like additional information regarding the recent update to the PRF Reporting Requirements, please contact **Andrew W. Breck** or **Meghan M. Linvill McNab**.

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