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Health Care Alert

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Health care industry braces for reporting obligations on use of CARES Act Provider Relief Funds

By Laurie T. Cohen, Morgan C. Nighan, Harsh P. Parikh

Health care providers that received payments from the CARES Act Provider Relief Fund during the initial phase of the pandemic must now prepare to comply with their reporting obligations in time for the upcoming September 30 deadline.



What's the Impact

- / Providers that received PRF payments before June 30, 2020, must submit reports, detailing their use of the funds, through the PRF Reporting Portal.
- / PRF Reporting Portal is accessible for reporting [here](#), and with a looming deadline of September 30, 2021.
- / Providers should take their reporting obligations seriously, including by gathering data elements required by the PRF Reporting Portal, as government reviews and audits begin.

As the COVID-19 pandemic gripped the country in Spring 2020, many providers automatically received funds from the Provider Relief Fund (PRF)—a program established last year by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136). Now, thousands of

those hospitals, skilled nursing facilities, pharmacies, clinics, laboratories, medical device companies, and other health care providers that received PRF payments before June 30, 2020, must submit reports detailing their use of such funds through the PRF Reporting Portal. These reports are due by September 30, 2021. The chart below provides additional details for the deadlines for the use and reporting for funds received after June 30, 2020. All health care organizations that received funds from the PRF, which includes most providers that participate in government health care programs (like Medicare or Medicaid), should carefully assess their reporting obligations, which are summarized below.

\$178B CARES Act Provider Relief Fund

The CARES Act and subsequent congressional actions allocated \$178 billion to the Department of Health and Human Services (HHS) in total to provide financial support for health care providers affected by the coronavirus pandemic.¹ The statutory language directs that PRF payments be expended for only **health care-related expenses or lost revenues** directly attributable to the COVID-19 pandemic. The enabling legislation also states that PRF payments may **not** be used for expenses or losses reimbursed from other sources or that other sources are obligated to reimburse.

HHS-HRSA administration of PRF Program

In order to quickly push out billions of dollars in support payments, HHS Health Resources & Services Administration (HRSA) engaged America's largest health insurance company, UnitedHealth Group, to administer the PRF program.

Starting in April 2020, HRSA began to distribute funds to providers via three rounds of general allocation funding (general distribution) and several targeted allocations (targeted distribution). PRF recipients received as part of the general distribution at least 2% of net patient revenue payment, as reflected by their most recent federal income tax return (provided during the application process). Providers that submitted additional revenue information during Phase Three of General Distribution may have also received an add-on payment above 2%, based on the financial impact of COVID-19 on that particular provider. HRSA states that providers who successfully applied were paid up to 88% of their reported losses and net change in their operating expenses from patient care during the first half of 2020.

In order to retain the PRF payments, HRSA required each recipient to acknowledge and agree to certain terms and conditions. If a provider receives payment from PRF and retains that payment for at least 90 days without contacting HRSA regarding remittance of those funds, the recipient is

¹ The CARES Act established the \$100 billion Public Health and Social Services Emergency Fund (known in the industry as the Provider Relief Fund or PRF). PRF initially made \$100 billion in total funds available to HHS. The Paycheck Protection Program and Health Care Enhancement (P.L. 116-139), signed into law on April 24, 2020, increased the funds available to HHS for PRF by an additional \$75 billion. The Consolidated Appropriations Acts of 2021 (P.L.116-260), signed into law on December 27, 2020, added another \$3 billion, so there has been a total of \$178 billion available for health care providers under the PRF.

deemed to have accepted the terms and conditions. Recipients of general distributions and targeted distributions should be aware that HRSA is posting a [public list of providers and their payments](#) once they attest to receiving the money from the PRF and agree to the terms and conditions.

Reporting obligations through the PRF Reporting Portal

All providers receiving PRF payments agreed to “submit reports . . . in such form, with such content, as specified by” the government. Last month, HRSA updated its Post-Payment Notice of Reporting Requirements that details data elements required for reporting on the use of PRF monies.

The [PRF Reporting Portal](#) is now accessible. The portal is open until September 30, 2021, for recipients who received more than \$10 thousand, with at least one payment made between April 10 and June 30, 2020. All funds received in this period must be used by June 30, 2021. For payments after June 30, 2020, HRSA is providing the following timeline:²

Reporting Period	Payments Received Period (Payments Exceeding \$10,000 in Aggregate Received)	Period of Availability	Reporting Time Period
Period 1	April 10, 2020 to June 30, 2020	January 1, 2020 to June 30, 2021	July 1, 2021 to September 30, 2021
Period 2	July 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2021	January 1, 2022 to March 31, 2022
Period 3	January 1, 2020 to June 30, 2021	January 1, 2020 to June 30, 2022	July 1, 2022 to September 30, 2022
Period 4	July 1, 2021 to December 31, 2021	January 1, 2020 to December 31, 2022	January 1, 2023 to March 31, 2023

HRSA also makes available its [Reporting Worksheets](#) to help providers and their financial accountants gather data for the PRF Reporting Portal. Notably, the PRF Reporting Portal requires information including:

- / All assistance received by the organization in CY 2020 and 2021, including PPP/SBA (Paycheck Protection Program/Small Business Administration) loans and local government aid for each quarter
- / Calculation of nursing home payments, if any (Recipients of Skilled Nursing Facility (SNF) and Nursing Home Infection Control Distribution funds will be able to submit a consolidated

² See “[Provider Relief Fund Post-Payment Reporting Requirements](#),” Health Resources & Services Administration (July 1, 2021).

report that distinguishes their use from use of other general and targeted distribution payments.)

- / For providers receiving more than \$500 thousand, the PRF Reporting Portal requires a detailed accounting of unreimbursed general and administrative expenses (including utilities, lease payments) and health care expenses (such as supplies, IT, and equipment)
- / Revenue information, using one of three methodologies to calculate lost revenues attributable to the pandemic (Providers have three different methodologies to calculate **lost revenues**: (i) difference between 2019 and 2020 patient care revenue, (ii) difference between 2020 budget (established prior to March 27, 2020) to 2020 actual patient care revenues, or (iii) any "reasonable method of estimating revenue," although this third approach will result in an increased likelihood of an audit.)

The PRF Reporting Portal may be straightforward for many health care providers and more complicated for others, especially for recipients that have or are currently undergoing corporate reorganizations, mergers, restructurings, or other legal transactions. In addition, HRSA states that zeros can be entered in some of the fields, but it is unclear whether providers are expected to provide the detailed expense level information in the PRF Reporting Portal, even in situations where the provider has inserted sufficient lost revenues information. Lastly, with respect to any unused funds, a provider must return such funds within 30 calendar days after the end of the applicable reporting time period.

The PRF will soon become an anachronism of the early days of the COVID-19 pandemic. But, issues related to billions of dollars of these CARES Act federal funds will continue to linger as the government begins to review and audit providers' appropriate use of PRF funds, meaning that providers should take their reporting obligations seriously today.

For more information on the content of this alert, please contact your Nixon Peabody attorney or:

Laurie T. Cohen

518.427.2708

lauriecohen@nixonpeabody.com

Morgan C. Nighan

617.345.1031

mnighan@nixonpeabody.com

Harsh P. Parikh

213.629.6108

hparikh@nixonpeabody.com
