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July 20, 2021

Headed for the Provider Relief Fund reporting portal? Consider these tips first.

Kimberly Marselas

Confusion and uncertainty are clouding the landscape as nursing homes across the country begin reporting lost revenues and COVID-19 related expenses that would allow them to keep their share of federal Provider Relief Funds.

All healthcare providers that received PRF support between April 10, 2020, and June 30, 2020, must file a report through the dedicated Health Resources and Services Administration portal by Sept. 30, 2021. Included in that $46.02 billion Phase 1 distribution was about $2.7 billion for all skilled nursing operators participating in Medicare, according to the American Health Care Association.

But auditors and advocates said last week that many providers that are now trying to document how they used that much-needed cash infusion remain confused by constantly evolving guidance — and that could ultimately lead to audit trouble.

One of the biggest challenges? Federal guidance doesn't explicitly require providers to outline their expenses, but not doing so may backfire even for healthcare providers who had extraordinary revenue losses due to declining patient volume.

"This is where things sort of go off the rails," warned lawyer Brian Lee, a senior associate with Alston & Bird's Washington, D.C. office. "You have to go through the expense exercise first. That's not to say you can't put a zero for each quarter and just go straight to lost revenues. But I don't think that's something we'd recommend. You probably want to show a little bit of a good-faith effort to document the expenses related to the coronavirus before you then go to your lost-revenue analysis."

Expenses matter

Lee reiterated that the Department of Health and Human Services intends the fund to cover any “expenses that were to prevent, prepare for or respond to coronavirus.” That could include things like personal protective equipment, salaries and hazard pay and other precautionary measures, even for providers who never actually treated a COVID-positive patient.

“For many people, that should drop you down to zero,” Lee added, noting that if expenses don’t exceed the amount of the provider relief issued in that period, the remaining money can be applied to offset lost revenues.

Lee and Frank Miceli, CPA, an audit partner who specializes in the healthcare and nonprofit sectors for Marcum LLP, presented a webinar on PRF reporting issues July 14. Miceli underscored that in current guidance, HHS has indicated it wants to see a “good faith effort” to report expenses.


Frank Miceli, Marcum

“Furthermore, if you’ve got distributions from other tranches of money, I would want to load it up as much as I could to maximize my reimbursement and make there be no doubt that you’ve spent it all,” Miceli added.

Provider relief money and other coronavirus relief programs, such as state stimulus or funding from the Federal Emergency Management Agency, cannot be used against the same expenses. In addition, providers receiving more than $750,000 in federal funding annually must also file a single audit for compliance purposes.

Provider Relief Funds issued in the first phase had to be spent by June 30, 2021. The reporting window opened the next day. Providers will be expected to report funds distributed in later phases, including some segments designated specifically for skilled nursing providers, during separate reporting periods.

How to count your losses

In this first round, calculating losses could also trip up providers, Lee and Miceli said.

Providers can use three different methods to demonstrate that their revenues dipped due to COVID-19. In the first, they can compare actual revenues from 2019 to revenues from 2020. In the second, they can compare actual revenues to budget revenues for 2020, if that budget was approved before March 27, 2020.

In the third, providers can use ‘any reasonable method’ to justify lower revenues, but they must be prepared to defend that calculation to HHS.

“As a caution, using that ‘any reasonable method’ approach would be one of those flags (where) you trigger additional scrutiny,” Lee said.

Nicole Fallon, vice president of health policy and integrated services for LeadingAge, echoed Lee’s concern during a July 15 webinar with the organization’s members. She said providers who used their own method would be at “higher risk for audit.”

Fallon also noted that HRSA could reject a self-made revenue loss justification without denying the validity of the entire report. Instead, providers will be given an additional 30 days to complete loss accounting using one of the two other options.

Since last September, there have been more than 20 FAQ updates to the planned methods for provider relief reporting. But even if more clarification comes, providers should be ready to comply this time around.

“The speed at which things have been changing has required very close monitoring,” Lee said. “We now feel like at least from the perspective of the framework, what HRSA is requiring, with the timing, the deadlines, as far as we can tell, we are final.”