HHS Provider Relief Fund Reporting Questions
Submitted by the National Rural Health Association (NRHA)

The following questions refer to guidance in the Post-Payment Notice of Reporting Requirements – September 19, 2020 in no specific order:

1. Q. These FAQs reiterate that CAHs, RHCs and FQHCs must comply with HRSA's prohibition on using PRF funds to reimburse health care related expenses reimbursed from other sources. Does cost reimbursement of a CAH's COVID-related expenses preclude these a CAH, RHC or FQHC claiming of those same expenses for purposes of reporting and auditing use of PRF funds?

   A: For purposes of reporting and auditing a CAH, RHC or FQHCs use of PRF funds to cover COVID-related expenses, such expenses are not required to be reduced (i.e., offset) if the CAH also reported those same expenses on its cost report.

2. In item #2 referring to "Expenses Attributable to Coronavirus Not Reimbursed by Other Sources (2020 only)", why are these expenses limited to 2020 since it is likely the coronavirus (COVID) will be experienced into 2021 and reporting is allowed through June 30, 2021?

3. If lost revenue is based on a year-to-year comparison of calendar year 2020 (and 1/1 – 6/30/21 if needed) to 2019, why is financial required by calendar quarter? Quarterly reporting, if not needed for a legitimate purpose of the calculations, will be a burdensome requirement for small rural providers and should be eliminated.

4. Can debt principal payments, along with interest, be included in expenses attributable to coronavirus if the loan was incurred to pay COVID expenses?

5. Can debt principal payments, along with interest, be included in the lost revenue calculations (expenses) if the loan pre-existed the public health emergency (PHE) or was incurred during the PHE for non-COVID purposes?

6. Must forgiveness from Payroll Protection Program (PPP) loans be offset against expenses directly attributable to COVID or expenses used in the lost revenue calculation, based on the respective underlying expenses? If so, in what period does the forgiveness get reported? When the underlying expenses were incurred (such as during 2020) or when the loan is officially forgiven by SBA (such as 2020 or 2021)?

7. Please clarify the limit of lost revenue "Recipients that reported negative net operating income from patient care in 2019 may apply PRF amounts to lost revenues up to a net zero gain/loss in 2020.". The sentence seems to present a conflicting limit:
   a. *Assume* the provider had a net loss from net patient care operating income in 2019 of $2,000,000 and a loss in 2020 of $2,500,000. The provider received $3,000,000 in PRF funds.
   b. Is the lost revenue limit $500,000 – the increase in the loss from 2019 to 2020 OR $2,500,000 the amount of the total loss in 2020 OR $2,000,000 the amount of the 2019 loss OR another amount?

8. Can decreases in tax receipts, state grants, other grants that were directed to fund operations (not COVID-related), be used in the lost revenue calculations?
    a. As an example, tax receipts are based on local sales tax which has been negatively impacted because of the economic disruption caused by COVID, therefore the abnormal decrease from 2019 to 2020 was caused by COVID. Can the decreased sales tax receipts be used in the lost revenue calculations?
    b. As an example, state grants for school-based clinics have been terminated early and/or funding amounts reduced because of state budgets cuts attributed to COVID. Can the decreased grant funding be used in the lost revenue calculations?

9. Are incomes and expense related to a 340B contract pharmacy program included in the scope of net patient revenues and expenses for the lost revenue calculation?

10. How are one-time revenue adjustments (positive or negative), such as income from a Medicare appeal, handled in reporting revenue for any period? Should revenue that is attributable to a specific prior year, be adjusted out of either 2019 or 2020? If the income was received in 2020 and was directly attributable to 2019, should the amount be deducted from 2020 and added to 2019? If the income was received in 2020 and attributable to 2018, should the amount be excluded completely?

11. Are incomes and expenses to be reported on cash basis or accrual basis?

12. Please provide additional guidance on expenses that can be considered as "maintaining healthcare delivery capacity" regarding expenses directly attributable to COVID. Some examples:

    a. Expenses related to the lease and associated utilities of a hospital office building for administrative services that predated the PHE. The office building was vacated for 4 months during the PHE while employees were required, by local or state authorities, to work at home. Are the office expenses "attributable to COVID" since the hospital had to continue incurring the expenses for the unused space?
    b. During the PHE, a hospital had to close its physical therapy department and an FQHC had to close its dental unit. The providers continued to pay staff during the closed period. Are the expenses "attributable to COVID"?

13. Is depreciation on healthcare building and equipment an allowable expense to be used in the lost revenue calculation?

14. Are payments for capital purposes, generally over $5,000 per item, allowed to be included in the expenses attributable to COVID and/or the lost revenue calculation? If depreciation is otherwise allowable, if the asset purchase is allowed should the depreciation related to the asset be excluded? As an example, assume a rural hospital spent $250,000 to convert a hospital wing to a COVID unit with negative pressure. Can the entire $250,000 be used as a COVID expense?

15. Are amounts received from state Medicaid programs for uncompensated care included or excluded in the calculation of revenue from patient care for the determination of lost revenue?

Payment of these amounts come in different forms depending upon the state plan such as: direct payments from the state, add-on payments to claims, grants from entities contracted by the state, etc. Funding is sourced by provider taxes, Medicaid DSH, state appropriations, etc. Most are based on uncompensated care experience of one or two prior years – not current year claims experience.

16. Why are personnel and patient metrics required by calendar quarter? Quarterly reporting, if not needed for a legitimate purpose of the calculations, will be a burdensome requirement for small rural providers and should be eliminated.

17. *Added 10/7/2020 When* will additional guidance on the single audit requirements be issued?

18. *Added 10/7/2020* Are major capital projects allowed as expenses if the need for the project is attributable to Covid?
    a. *Assume* the rural hospital has an emergency room that was constructed many years ago and does not meet current standards needed for Covid of negative pressure, isolation, etc. The physical layout and space are such that retrofit is not prudent or feasible. Expansion and reconfiguration of space is necessary to meet the current requirements. Total project cost $5,000,000. Planning can start by December 31, 2020 with a project completion of 24 months and be operational by December 31, 2022.
    b. Is all or any of the project cost includable as an expense attributable to Covid? Does the project start and completion date enter into the decision? Is there a limit on the amount of project cost?

19. *Added 10/7/2020* Can there be flexibility in the determination of lost revenue? As an example, since revenues and expenses must be reported by calendar quarter, can a provider use a selection of quarters comparing 2020 with a similar period in 2019 or their Board approved and documented 2020 budget to document lost revenue attributable to Covid?