

# Understanding COVID-19 Stimulus Funds: What You Need to Know and Do

LeadingAge Ohio

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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# Agenda

- Provider Relief Funds
- CLA Economic Relief Tracker
- Your Questions & FAQs



# CARES Act/PPP & HCE Act: Provider Relief Fund (\$175 B)

Formally called the Public Health & Social Services Emergency Fund  
Reimbursement specific for health care providers

Some of the ***statutory*** requirements:

- Funds “to remain available until expended, to prevent, prepare for, and respond to coronavirus, domestically or internationally, for necessary expenses to reimburse, through grants or other mechanisms, eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus”
- “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”
- Recipients must submit required reports and documentation as determined by HHS
- “Eligible health care providers” means public entities, Medicare or Medicaid enrolled suppliers and providers, and such for-profit entities and not-for-profit entities as determined by HHS within the United States (including territories), that provide diagnoses, testing, or care for individuals with possible or actual cases of COVID–19
- Funds may be used for building or construction of temporary structures, leasing of properties, medical supplies and equipment including personal protective equipment and testing supplies, increased workforce and trainings, emergency operation centers, retrofitting facilities, and surge capacity



# Fund Allocations To Date (June 9, 2020)

## Provider Relief Fund (Allocations as of June 9, 2020)

General Distribution (\$50 B)	High Impact Areas (\$12 B)	Rural Distribution (\$10 B)	Uninsured (No Dollar Amount)	Targeted Distributions (\$30 B)
<p>First \$30 billion – went to providers/suppliers who received Medicare FFS reimbursement in 2019. Allocation formula: (2019 FFS/\$484 B) x \$30 B = expected distribution.</p> <p>Additional \$20 billion to these providers/suppliers based on revenues from cost report data on file with HHS.</p> <p>Combined these two distributions (Tranche 1 &amp; 2) are designed to add up to 2% of 2018 net revenues.</p>	<p>Targeted at hospitals in areas heavily impacted by COVID.</p> <p>Using hospital-submitted data, HHS awarded funds to 395 hospitals that provided inpatient care for 100 or more COVID-19 patients through April 10. The distribution formula was based on a fixed amount per COVID-19 inpatient admission, with an additional amount (\$2 B total) distributed by taking into account those hospital’s Medicare and Medicaid disproportionate share and uncompensated care payments.</p>	<p>Rural hospitals (CAHs and rural PPS), Rural Health Clinics (RHC), &amp; Community Health Centers (CHC or FQHC) in rural areas</p> <p>Hospital’s received a base of \$1 million (or \$3 million if &gt; \$10 million in expenses) plus an additional percentage based on total operating costs.</p> <p>Each independent RHC &amp; CHC received a base of \$100,000 and an additional percentage based on operating costs.</p> <p>Provider-based RHCs payments were included with their hospital’s allocation.</p>	<p>These are claims-based reimbursements for dates of service or admittance on or after February 4, 2020.</p> <p>Reimbursements will be made for qualifying testing for COVID-19 and treatment/services with a primary COVID-19 diagnosis.</p> <p>Full details at <a href="http://www.hrsa.gov/coviduninsuredclaim">www.hrsa.gov/coviduninsuredclaim</a></p>	<ul style="list-style-type: none"> <li>• <b>Skilled Nursing Facilities.</b> On May 21, HHS released \$4.9 billion to SNFs with at least 6 or more beds. Each SNF received \$50,000 plus \$2,500 per bed.</li> <li>• <b>Indian Health Services.</b> On May 22, HHS released \$500 million to Indian Health Services, tribal, and urban Indian health programs, including IHS and Tribal hospitals.</li> <li>• <b>Medicaid/CHIP.</b> On June 9, HHS announced the release of \$15 billion to those that participate in Medicaid/CHIP, including managed care organizations. Providers will need to submit annual patient revenue information and will receive a distribution equal to at least 2 percent of reported gross revenues from patient care.</li> <li>• <b>Safety Net Hospitals.</b> On June 9, HHS announcing the release of \$10 billion to hospitals that have:             <ul style="list-style-type: none"> <li>✓ Medicare Disproportionate Patient Percentage (DPP) of 20.2 percent or greater;</li> <li>✓ Average Uncompensated Care per bed of \$25,000 or more. For example, a hospital with 100 beds would need to provide \$2,500,000 in Uncompensated Care in a year to meet this requirement;</li> <li>✓ Profitability of 3 percent or less, as reported to CMS in its most recently filed Cost Report.</li> </ul> </li> </ul>

**Each release of funds requires attesting/certifying to a set of terms and conditions**





## June 9: PRF Medicaid/CHIP Distribution

- \$15 billion to be distributed
- **KEY POINT:** distribution is **not** available to providers who received funds through the **General Distribution**
- Providers will need to submit annual patient revenue to a new portal by July 20, 2020
- The payment to each provider will be at least 2 percent of reported gross revenue; the final amount each provider receives can only be determined after the data is submitted.
- Several other conditions to be eligible:
  - Must have billed Medicaid for healthcare services during Jan. 1, 2018 to Dec. 31, 2019 or own included subsidiary that did
  - Must have filed federal tax documents for 2017, 2018 or 2019
  - Must have provided patient care after January 31, 2020;
  - Must not have permanently ceased providing patient care directly, or indirectly through included subsidiaries;
  - If the applicant is an individual, have gross receipts or sales from providing patient care reported on Form 1040, Schedule C, Line 1, excluding income reported on a W-2 as a (statutory) employee.

CLA Blog

### Health Care Innovation and Insight | HI<sup>2</sup>

#### More HHS Provider Relief Funds Released; Your Look At PRF Data

June 10, 2020 | by Jennifer Boese

On June 9, the Department of Health & Human Services (HHS) continued to push COVID stimulus dollars under the Provider Relief Fund (PRF) out to providers. In their most recent announcement, HHS designated \$25 billion dollars to Medicaid or CHIP providers and safety net hospitals. We'll catch you up to speed.

#### Medicaid/CHIP PRF Distribution

With respect to Medicaid and CHIP providers, including under managed care, HHS announced the release of \$15 billion in a Medicaid/CHIP targeted distribution. Providers will need to submit annual patient revenue information to the HHS provider relief portal in order to receive their distribution. HHS indicates payments will be equal to at least

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More HHS Provider Relief Funds Released: Your Look At PRF Data

Quick Take: FY 2021 IPPS/ITC

HI<sup>2</sup> blog with details

<https://blogs.claconnect.com/healthcareinnovation/more-hhs-provider-relief-funds-released-your-look-at-prf-data/>

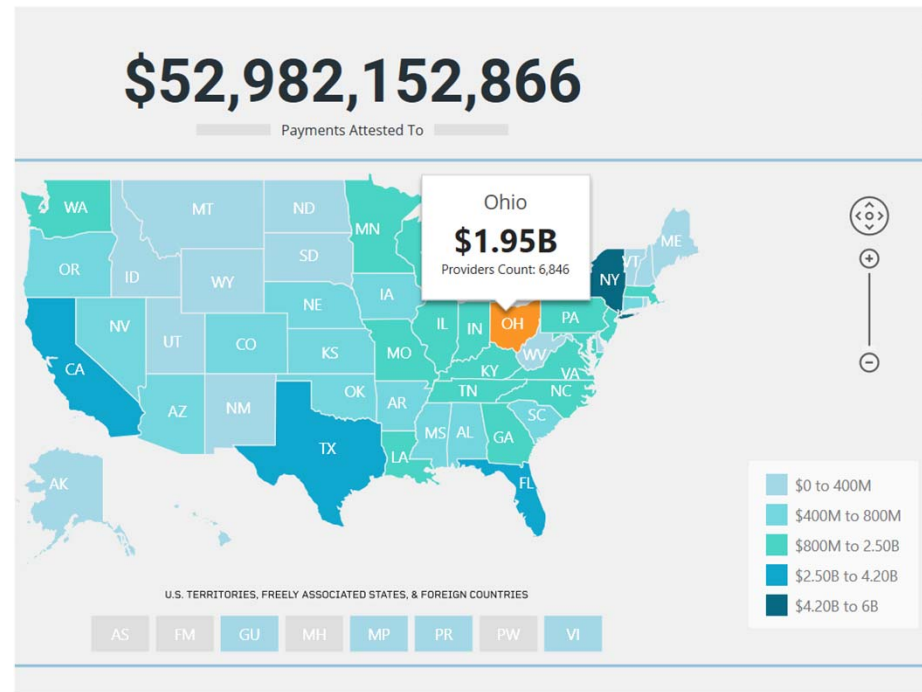


# HHS PRF Data

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PRF Distribution	Total Amount (US)	OHIO: # of Recipients	OHIO: Amount Received
General (Tranche 1)	\$30B	10,166 providers and systems	\$989,773,417
High Impact (Hospitals)	\$12B	4 hospitals	\$56,024,932
Rural	\$10B	216 hospitals, RHCs, FQHCs	\$368,963,066
SNF	\$4.9B	976 SNFs	\$314,267,500
Safety Net Hospitals	\$10B	28	\$408,019,607
Uninsured (Claims-Based)	TBD	106 providers	\$1,131,847

<https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/data/index.html>



Source: <https://tags.hhs.gov/Coronavirus/Providers> (retrieve June 10, 2020)

**REMINDER: 90 days to attest to terms/conditions or reject funds**



# What Can I Use PRF Dollars For?

A: Statutorily, the CARES Act and PPP & HCE Act provide a list of acceptable uses (ex: building or construction of temporary structures, medical supplies, PPE, testing supplies etc.), but it's not an exhaustive list. There is also a key term/condition: *"The Recipient certifies that the Payment will only be used to prevent, prepare for, and respond to coronavirus, and shall reimburse the Recipient only for health care related expenses or lost revenues that are attributable to coronavirus."* On June 2, HHS released an FAQ related to this term/condition that indicates:

- **Health care related expenses attributable to COVID covers a range of items and services to prevent, prepare for, and respond to COVID:**
  - supplies used to provide healthcare services for possible or actual COVID-19 patients;
  - equipment used to provide healthcare services for possible or actual COVID-19 patients;
  - workforce training;
  - developing and staffing emergency operation centers;
  - reporting COVID-19 test results to federal, state, or local governments;
  - building or constructing temporary structures to expand capacity for COVID-19 patient care or to provide healthcare services to non-COVID-19 patients in a separate area from where COVID-19 patients are being treated;
  - acquiring additional resources, including facilities, equipment, supplies, healthcare practices, staffing, and technology to expand or preserve care delivery
- **Lost revenues attributable to COVID is any revenue lost due to coronavirus (ex: fewer outpatient visits, canceled elective procedures or services, or increased UC).** PRF can be used to cover any cost that the lost revenue otherwise would have covered, so long as that cost prevents, prepares for, or responds to coronavirus. Specifically HHS "encourages" the use of funds to cover lost revenue so that providers can respond to the coronavirus by maintaining healthcare delivery capacity, including:
  - Employee or contractor payroll
  - Employee health insurance
  - Rent or mortgage payments
  - Equipment lease payments
  - Electronic health record licensing fees

## Key Takeaways

- ***Accurate and specific tracking of COVID funds is essential***
- ***Evaluating how and if a desired use of these funds relates back to COVID***
- ***Detailed reasoning and justification for your use of the funds based on your interpretation of HHS guidance***
- ***Talk with your legal counsel if you have questions***





# Are There Reporting Requirements?

A: Yes. There are several statutorily required and terms/conditions specific to this.

1. HHS has a catch-all reporting requirement that indicates recipients will be required to submit whatever HHS determines is needed to ensure compliance with terms/conditions.
2. For those who receive more than \$150,000 in funds combined between all COVID relief packages, a quarterly reports on HHS funds is required. **An FAQ on June 13 states:**

*Recipients of Provider Relief Fund payments do not need to submit a separate quarterly report to HHS or the Pandemic Response Accountability Committee. HHS will develop a report containing all information necessary for recipients of Provider Relief Fund payments to comply with this provision. For all providers who attest to receiving a Provider Relief Fund payment and agree to the Terms and Conditions (or retain such a payment for more than 90 days), HHS is posting the names of payment recipients and their payment amounts on its public website here. HHS is also working with the Department of Treasury to reflect the aggregate total of each recipient's attested to Provider Relief Fund payments on USAspending.gov. Posting these data meets the reporting requirements of the CARES Act...However, the Terms and Conditions for all Provider Relief Fund payments also require recipients to submit any reports requested by the Secretary that are necessary to allow HHS to ensure compliance with payment Terms and Conditions. HHS will be requiring recipients to submit future reports relating to the recipient's use of its PRF money. HHS will notify recipients of the content and due date(s) of such reports in the coming weeks.*

## Key Takeaways

- ***Be prepared to see information publically released and used by HHS and other oversight bodies. Information has been posted on PRF main website, on TAGGS site and will be posted on USAspending.gov***
- ***Tracking of funds, tracking use of funds and documentation/justification will be very helpful to you in complying with these requirements***
- ***Be prepared (as stated in FAQ above) to submit information on use of PRF dollars – CLA awaits further guidance***



# What about PPP, EIDL and MainStreet Lending?

- We know some providers have also received PPP Loans, possibly EIDL and are considering MainStreet Lending as an option if allowed to participate
- Those that received PPP Loans are now focused on PPP Loan Forgiveness, how to calculate and the changes that seem to come at least weekly
- Up to the minute updates available at CLA's dedicated webpage noted below
- Twice a week LiveStream

CLA COVID-19 Webpage

<https://www.claconnect.com/campaign/covid-19>



[www.claconnect.com/events/2020/cla-livestream-series](http://www.claconnect.com/events/2020/cla-livestream-series)

**Join our multipart livestream series every Tuesday and Thursday 3pm Eastern**





# CLA Economic Relief Tracking Tool

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## Why Track Expenses and How Would I Start?

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This was the question our clients were asking as the various programs, funding, grants and loans started to come out and available so,

CLA created the Economic Relief Tracking Tool to assist clients and Providers just like you to understand what to track, why and a tool or Excel based option to identify expenses and loss of revenue by program and funds received

- Future Reporting
- Loan Forgiveness
- Future Reimbursement
- Education to Board
- Impact of COVID-19
- Tell our story



# Let's Take a Tour of the Tool

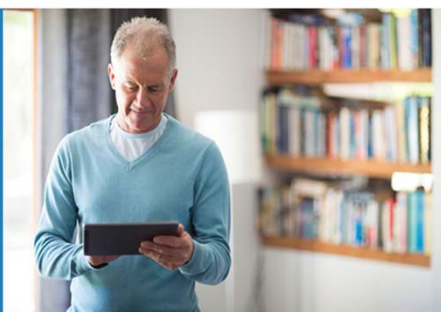
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# Economic Relief Tracking Tool for LeadingAge Members

## Expense Tracking Tool to Help Economic Relief Fund Recipients Stay Compliant



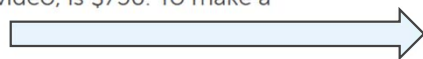
Congress has provided trillions in economic relief to help businesses get through the financial challenges brought by COVID-19. These economic relief opportunities have rules for how they can be used, especially for health care organizations. Tracking and monitoring is critical, but can be very complicated, especially when funding is received from multiple sources.

CLA has developed an expense-tracking tool that creates the foundation to organize spending in accordance with compliance and reporting initiatives that are sure to follow.

View our short video for an overview of the tool:

### Yes! I'm ready

The fee for the tool, which includes a training video, is \$750. To make a purchase, please complete the form below.



Learn more and purchase access by visiting the [CLA website](#) .

Website hyperlink:

[https://www.claconnect.com/general/expense-tracking-tool?utm\\_source=LendingAge&utm\\_medium=referral&utm\\_campaign=COVID](https://www.claconnect.com/general/expense-tracking-tool?utm_source=LendingAge&utm_medium=referral&utm_campaign=COVID)



Also supports LeadingAge and LeadingAge OH due to the partnership of CLA and LeadingAge





Questions?

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# Key HHS Resources

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HHS Provider Relief page: <https://www.hhs.gov/provider-relief/index.html>

HHS Attestation Portal: <https://covid19.linkhealth.com/#/step/1>

FAQs: <https://www.hhs.gov/sites/default/files/provider-relief-fund-general-distribution-faqs.pdf>

Revenue Submission Portal: <https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/for-providers/index.html>

Terms and Conditions Document: <https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/terms-conditions/index.html>



# CLA COVID-19 Resource

The CLA COVID-19 Information Hub was developed to provide ease of access to relevant and timely information in six categories.

CLA's HI<sup>2</sup> blog provides health care specifics information and insights on a host of issues.



<http://blogs.claconnect.com/healthcareinnovation>



Unforeseen disruptions – from the coronavirus (COVID-19) to natural disasters – can create many uncertainties. These resources can help you lay out a strategy to put your organization on its toes versus its heels.

 Operational Support	 Regulatory and Tax Updates	 Inspirational and Leadership Tips
 Financial Management and Disaster Relief	 Accounting and Financial Statement Guidance	 Workforce and Human Resource Guidance



Join our multipart livestream series on Tuesdays and Thursdays to engage in the latest changes related to these uncertain times. You'll hear strategies for navigating what these developments mean for you.



[Watch a Livestream](#) →

<https://www.claconnect.com/COVID19>







[CLAconnect.com](http://CLAconnect.com)

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## FAQs We've Heard

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# Terms/Conditions (excerpts)

## Acceptance of Terms and Conditions

- If you receive a payment from funds appropriated in the Public Health and Social Services Emergency Fund for provider relief (“Relief Fund”) under Division B of Public Law 116-127 and *retain that payment for at least 30 days without contacting HHS regarding remittance of those funds, you are deemed to have accepted the following Terms and Conditions*. Please also indicate your acceptance below. This is not an exhaustive list and you must comply with any other relevant statutes and regulations, as applicable.
- **Important Term/Condition:** “The Recipient certifies that the Payment will only be used to prevent, prepare for, and respond to coronavirus, and shall reimburse the Recipient only for health care related expenses or lost revenues that are attributable to coronavirus.”

DEPARTMENT OF HEALTH & HUMAN SERVICES

**Acceptance of Terms and Conditions**

If you receive a payment from funds appropriated in the Public Health and Social Services Emergency Fund for provider relief (“Relief Fund”) under Division B of Public Law 116-127 and retain that payment for at least 30 days without contacting HHS regarding remittance of those funds, you are deemed to have accepted the following Terms and Conditions. Please also indicate your acceptance below. This is not an exhaustive list and you must comply with any other relevant statutes and regulations, as applicable.

Your commitment to full compliance with all Terms and Conditions is material to the Secretary’s decision to disburse these funds to you. Non-compliance with any Term or Condition is grounds for the Secretary to recoup some or all of the payment made from the Relief Fund.

These Terms and Conditions apply directly to the recipient of payment from the Relief Fund. In general, the requirements that apply to the recipient, also apply to subrecipients and contractors under grants, unless an exception is specified.

**Relief Fund Payment Terms and Conditions**

- The Payment means the funds received from the Public Health and Social Services Emergency Fund (“Relief Fund”). The Recipient means the healthcare provider, whether an individual or an entity, receiving the Payment.
- The Recipient certifies that it billed Medicare in 2019, provides or provided after January 31, 2020 diagnoses, testing, or care for individuals with possible or actual cases of COVID-19; is not currently terminated from participation in Medicare; is not currently excluded from participation in Medicare, Medicaid, and other Federal health care programs; and does not currently have Medicare billing privileges revoked.
- The Recipient certifies that the Payment will only be used to prevent, prepare for, and respond to coronavirus, and shall reimburse the Recipient only for health care related expenses or lost revenues that are attributable to coronavirus.
- The Recipient certifies that it will not use the Payment to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.
- The Recipient shall submit reports as the Secretary determines are needed to ensure compliance with conditions that are imposed on this Payment, and such reports shall be in such form, with such content, as specified by the Secretary in future program instructions directed to all Recipients.
- Not later than 10 days after the end of each calendar quarter, any Recipient that is an entity receiving more than \$150,000 total in funds under the Coronavirus Aid, Relief, and

**HHS extended attestation deadline to 90 days from date of receipt**



# Terms & Conditions? (excerpts)

- “The recipient certifies that it will not use the Payment to reimburse expenses or losses that have been reimbursed from other sources *or that other sources are obligated to reimburse*
  - No double dipping
- “The Recipient consents to the Department of Health and Human Services *publicly disclosing the Payment* that Recipient may receive from the Relief Fund. The Recipient acknowledges that such disclosure may allow some third parties to estimate the Recipient’s gross receipts or sales, program service revenue, or other equivalent information.
  - Public release of data
- “Shall maintain appropriate records and cost documentation including, as applicable, documentation required by *45 CFR § 75.302 – Financial management and 45 CFR § 75.361 through 75.365 – Record Retention and Access*, and other information required by future program instructions to substantiate the reimbursement of costs under this award.
  - Documentation and record retention
- None of the funds appropriated shall be used to pay the salary of an individual, through a grant or other extramural mechanism, at a rate in excess of Executive Level II.
  - Federal pay level set at \$197,300 for 2020



# What We Know

<p><b>Q:</b> One of the terms and conditions requires certifying that an entity “provides or provided after January 31, 2020 diagnoses, testing, or care for individuals with possible or actual cases of COVID-19....” What is a “possible case” of COVID?</p>	<p><b>A:</b> HHS states multiple times in its FAQs that “HHS broadly views every patient as a possible case of COVID-19.”</p> <p>HHS also includes specific references to what is considered a “presumptive case” of COVID so it is delineating between “possible” and “presumptive.”</p>
<p><b>Key Takeaway</b></p> <ul style="list-style-type: none"><li>• There is general clarity per HHS that all individuals are considered “possible” COVID patients</li><li>• Be mindful of other statutory changes (under FFCRA etc.) that place restrictions on billing for COVID tests or for the uninsured.</li></ul>	



# What We Know

Q: Is there the potential that HHS may recoup some of the PRF money?

A: Yes. HHS mentions recoupment multiple times throughout the terms/conditions as well as the FAQs.

*“HHS has not yet detailed how recoupment or repayment will work. However, the Terms and Conditions associated with payment require that the Recipient be able to certify, among other requirements, that it was eligible to receive the funds (e.g., provides or provided after January 31, 2020, diagnoses, testing, or care for individuals with possible or actual cases of COVID-19) and that the funds were used in accordance with allowable purposes (e.g., to prevent, prepare for, and respond to coronavirus)...Non-compliance with any Term or Condition is grounds for the Secretary to direct recoupment of some or all of the payments made.”*

HHS does say that it would not recoup based on the amount you received if you can demonstrate “lost revenues” and “health care expenses” attributable to COVID (assuming terms/conditions are met)

## Key Takeaway

- Make sure you can track your “lost revenue and increased expenses” back to COVID and that you have this documented/reasonable/justifiable. [Note: statute does not say “increased.” HHS added this.]
- Make sure you understand the terms/conditions applicable to the PRF funds you received





# What We Don't Know

Q: Is there a deadline by which I must use my PRF dollars?

A: Unlike the PPP program which has an 8 week/24 week usage period with respect to forgiveness, the PRF dollars do not have a prescribed deadline for usage (to date).

However, keep two things in mind:

- These funds were provided to quickly address the economic impact of the pandemic.
- There are/will be required reports and HHS could watch these for fund usage or lack of usage.

## Your Takeaway:

- There is no definite guidance on this, but our general recommendation is that the further out beyond 2020 you push, the higher the risk for raising a red flag to HHS.
- We suggest speaking with legal counsel on an approach that is reasonable to justify and you feel comfortable with related to your financial situation

