

MDS Alert

COVID-19: Don't Miss New Guidance on PRF Money, Reporting

You may be able to use projected 2020 revenues to calculate COVID-19 losses.

Nursing homes have faced both staffing and funding issues for years, but the COVID-19 pandemic and public health emergency (PHE) exacerbated an already dire situation.

During the pandemic, 92 percent of nursing homes said money from the Provider Relief Fund (PRF) has been helpful, says **Mark Parkinson**, president and CEO of the American Health Care Association and National Center for Assisted Living (AHCA/NCAL). Long-term care facilities received approximately \$14 billion of the \$178 billion PRF, and Parkinson is pushing for the rest of the funding to be dispersed.

PRF Barely a Lifeline

Although the long-term care industry received roughly \$14 billion in relief funding, it's barely a drop in the bucket, considering the AHCA/NCAL-estimated \$94 billion in losses suffered by the long-term care industry over the course of the pandemic. More than 1,800 facilities may close, which would reshuffle communities, forcing residents to move, potentially creating more distance between residents and their loved ones, and upending significant employment opportunities.

"Even though COVID cases in long-term care are at historic lows, providers are struggling to recover from the economic crisis the pandemic has induced. Too many facilities are operating under shoestring budgets simply because policymakers have failed to dedicate the proper resources, and this can have devastating consequences," Parkinson says.

There's hope that a fourth phase of PRF money is indeed on the way.

The Phase 4 distribution period in the new reporting timeframe includes payments between July 1, 2021 and Dec. 31, 2021, "suggesting that additional payments are anticipated," say attorneys with law firm Hall Render in online analysis. But for now, "there is still no word from HHS on how it intends to distribute the approximately \$24 billion remaining in the PRF, including the \$8.5 billion appropriated by the American Rescue Plan Act of 2021 for rural providers," they say.



Be Meticulous to Show 'Good Faith'

Now facilities are facing additional pressure to illustrate how they spent, through June 30, any funds they received. Although the initial PRF guidelines said that providers could use the funds with a fairly free hand to compensate for COVID-19 losses, the guidance has since become more persnickety.

"Stay tuned for more on that," points out finance consultant **Domenic Segalla** with advisory, tax and accounting firm Withum.

Last month, the HHS Health Resources and Services Administration (HRSA) announced four new PRF reporting periods and related due dates, which translated to an extension for the use of some PRF money. The first due date is Sept. 30.

As promised, HRSA opened the PRF reporting portal on July 1. Along with it, HRSA issued some critical new information and guidance, including clarifications on how to calculate lost revenues and how to repay funds providers couldn't justify with eligible expenses.

For example, one updated Frequently Asked Question reads, "Can recipients use 2020 budgeted revenues as a basis for reporting lost revenues?"

The FAQ says yes: "When reporting use of [PRF] payments toward lost revenues attributable to coronavirus, Reporting Entities may use budgeted revenues." However, you can only use them "if the budget(s) and associated documents covering calendar year 2020 were established and approved prior to March 27, 2020." The budget also "must have been ratified, certified, or adopted by the Reporting Entity's financial executive, executive officer or other responsible representative as of that date, and the Reporting Entity will be required to attest that the budget was established and approved prior to March 27, 2020."

"Documents related to the budget, including the approval, must be maintained in accordance with the Terms and Conditions," HRSA says.

But keep in mind, "the lost revenue calculation will only consider quarters that demonstrated lost revenue," BKD LLP cautions in online analysis.

The reporting FAQs have "resolved several pressing questions about how recipients may calculate lost revenue and whether losses from one 'period of availability' can be carried forward to other periods," says **Jed Roebuck** with law firm Chambliss, Bahner & Stophel in Chattanooga, Tennessee. (Short answer: They can.)

The new information is welcome, for the most part. "Many of the clarifications include additional opportunities for providers to use and retain these much-needed funds," accounting firm BKD cheers.



In addition to updating the reporting-specific Provider Relief Fund FAQs, "to aid providers in preparing their reports, HHS also issued data entry worksheets, updated and added new portal user guides, [and] issued nine pages of reporting portal frequently asked questions (FAQs)," lists law firm McGuireWoods in online analysis.

Screenshots of the process may make it a little less painful. "The Reporting User Guide provides detailed instructions for navigating page-by-page through the Reporting Portal, complete with sample screenshots from the portal and Data Entry Worksheets," Roebuck relates. "We encourage all PRF recipients to review this User Guide thoroughly before beginning their mandatory PRF reporting," he advises.

Prepare for Audits

Audits are likely, too. The HHS Office of Inspector General has updated its 2021 Work Plan, adding PRF payments made to providers during Phases 1, 2, and 3 of the General Distribution to its audit to-do list, according to the summary for Active Item W-00-21-35873. With about \$92 billion distributed over these three phases now under the federal watchdog's scrutiny, providers have added incentive to get their ducks in a row.

"We will perform a series of audits ... to determine whether payments were: (1) correctly calculated for providers that applied for these payments, (2) supported by appropriate and reasonable documentation, and (3) made to eligible providers," the Work Plan summary explains at <https://oig.hhs.gov/reports-and-publications/workplan/summary/wp-summary-0000587.asp>.

Plus: In addition to new reporting deadlines and increased scrutiny, more PRF money seems to be coming. Under the newly released reporting timeframe, "Period 4 sets the table for a potential Phase 4 tranche of remaining PRF dollars to be distributed in 2021 and used for all of 2022," Segalla says in online analysis.

Resources: An 11-page notice with the new reporting deadlines is at www.hhs.gov/sites/default/files/provider-post-payment-notice-of-reporting-requirements-june-2021.pdf; a 59-page FAQ document is at www.hhs.gov/sites/default/files/provider-relief-fund-general-distribution-faqs.pdf; and the PRF portal is at <https://prfreporting.hrsa.gov>.

