

Alert | Health Emergency Preparedness Task Force: Coronavirus Disease 2019



September 2020

HHS Provider Relief Updates

There have been two significant updates pertaining to provider relief efforts during the Coronavirus Disease 2019 (COVID-19) pandemic: (1) the U.S. Department of Health and Human Services (HHS) issued a post-payment notice of reporting requirements for payments distributed under the Provider Relief Fund (PRF); and (2) there is language, likely to be signed into law, that extends the repayment period and reduces the interest rate for Medicare providers who participated in the Centers for Medicare and Medicaid Services' (CMS's) Accelerated and Advanced Payment (AAP) Program.

Post-Payment Notice of Reporting Requirements

On Sept. 19, 2020, HHS issued a **Post-Payment Notice of Reporting Requirements**. This notice is subject to change by HHS.

The notice addresses the post-payment reporting requirements for providers that received funds under the PRF general and targeted distributions (except the Nursing Home Infection Control distribution, Rural Health Clinic Testing distribution, and Health Resources and Services Administration (HRSA) Uninsured Program, which will have separate reporting requirements). Specifically, the notice informs recipients of the categories of data elements that recipients must submit for calendar years 2019 and 2020 as part of the reporting process to HHS.

HHS requires providers to report their use of PRF payments by submitting the following information: (1) health care-related expenses attributable to COVID-19 that another source has not reimbursed; and (2) lost revenues, represented as a negative change in year-over-year net patient care operating income, net of

the health care-related expenses attributable to COVID-19. HHS also extended the period to use the funds for an additional six months, through June 2021.

Expenses Attributable to COVID-19

Recipients that have received between \$10,000 and \$499,999 in aggregated PRF payments are required to report health care-related expenses attributable to COVID-19, net of other reimbursed sources (e.g., payments received from insurance and/or patients, and amounts received from federal, state, or local governments, etc.) in two aggregated categories: (1) general and administrative (G&A) expenses (such as mortgage/rent, insurance, and personnel expenses) and (2) other health care-related expenses (such as supplies, equipment, and IT expenses). In the notice, HHS lists the specific categories of expenses classified as G&A and health care-related expenses.

Recipients that have received \$500,000 or more in PRF payments are required to report the same two categories of health care-related expenses attributable to COVID-19, net of other reimbursed sources, and they must do so by reporting more detailed information within the two categories of G&A expenses and other health care-related expenses.

Lost Revenues Attributable to COVID-19

HHS also requires PRF recipients to provide information used to calculate lost revenues attributable to COVID-19, represented as a negative change in year-over-year net operating income from patient care-related sources. Once revenue information is provided, cost/expense impacts will be calculated based upon a calendar year comparison of 2019 to 2020 health care expenses to determine net operating income. Revenues and expenses include all lost patient care revenues and patient care cost/expense impacts.

HHS further notes that recipients may apply PRF payments toward lost revenue, up to the amount of their 2019 net gain from health care-related sources. 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.

In addition, recipients are required to report non-financial data, including personnel metrics, patient metrics, and facility metrics, on a quarterly basis. Also, recipients that acquired or divested related subsidiaries must indicate change in ownership and whether the related tax identification number (TIN) was acquired or divested, providing the date of acquisition/divestiture, the involved TINs, percent of ownership, and whether the recipient holds a controlling interest in the entity. Further, if the recipient itself was acquired or divested, it is required to self-report the change in ownership to HRSA.

Accelerated and Advance Payment Program Updates

It is likely that language will be signed into law that includes a delay in AAP collections and a reduced interest rate. Both the period before repayment begins and the period before the balance must be repaid in full will be extended, the recoupment percentage will be reduced, and the interest rate will be lowered for payments made under the AAP Programs and comparable programs between the date of enactment of the CARES Act and the end of the COVID-19 public health emergency.

Specifically, the language requires the HHS Secretary to:

- (1) Provide one year before payments for items and services are offset to recoup payments;
- (2) During the next 11 months, provide that offsets be equal to 25% of the amount of the payment;
- (3) During the succeeding six months, provide that offsets be equal to 50% of the amount of the payment;
- (4) After 29 more months, require that the outstanding balance be paid in full; and
- (5) Reduce the interest rate to 4%.

For more information and updates on the developing COVID-19 situation, visit [GT's Health Emergency Preparedness Task Force: Coronavirus Disease 2019](#).

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