

Alert | Health Emergency Preparedness Task Force: Business Continuity Amid COVID-19



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DOJ Steps Up Pandemic-Related Fraud Enforcement

The U.S. Attorney General recently announced a beefed-up effort to ferret out fraud in the various programs providing relief to those adversely affected by COVID-19. In the course of two years, starting with the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Congress has approved some \$4.5 trillion in aid spending, of which \$3.5 trillion has been spent by the various agencies as of the end of 2021. While these appropriations acts created numerous new short-term programs, two stand out—the Provider Relief Fund (PRF) and the Paycheck Protection Program (PPP).

The PRF cut checks to hospitals, other institutional providers, and physician practices based on Medicare billings in the prior years and certain attestations concerning the treatment provided to COVID-19 patients. In a second tranche, additional funds were made available to compensate for treating non-Medicare patients, and reconciliation between the amount received and the amount that should have been paid is in process.

In the PPP, the government guaranteed loans to small businesses so that they would not lay off their workforces as a result of COVID-19. Special rules were adopted for the restaurant sector, which was especially hard-hit. These loans, up to \$10 million per business, would be forgiven after one year if at least 60% of the funds received were used to underwrite the business' payroll.

The imperative underlying both programs was that the speed in getting the checks out was more important than ensuring that those who received the checks were in fact entitled to the funds. Many received far more PRF funds than they were entitled to receive under the law, and many whose PPP loans were forgiven turned out not to be eligible for those loans or forgiveness.

The government has not been blind to the fact that such large pots of money attract attention—of those who would take advantage of the opportunities on the one hand and the government, which stands to recover the ill-gotten gains on the other. To address these significant concerns and to ensure that a potentially advantageous area of enforcement is not overlooked, DOJ will appoint a chief prosecutor to lead a new task force to specifically identify and prosecute fraud in the various COVID-19 programs. The task force will initially focus on what the government has identified as the most egregious forms of pandemic fraud, including identity theft by criminal syndicates. The White House intends to ask Congress to fund this new task force, seeking \$36.5 million for the U.S. Attorneys' Offices and the Criminal Division. The White House also intends in the coming weeks to issue an executive order to address the prosecution of identity theft in public benefits programs. DOJ anticipates hiring 120 new prosecutors for pandemic-related fraud, and it will seek another \$325 million to hire 900 new FBI agents to conduct the pandemic-related investigations.

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

Authors

This GT Alert was prepared on behalf of GT's [White Collar Defense & Special Investigations Practice](#) and [Health Care & FDA Practice](#) by:

- [Matthew J. Cannon](#) | +1 312.456.1066 | cannonm@gtlaw.com
- [Robert P. Charrow](#) | +1 202.533.2396 | charrowr@gtlaw.com
- [Adam S. Hoffinger](#) | +1 202.331.3173 | hoffingera@gtlaw.com

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