

HHS Updates Relief Fund FAQs with Phase 3 Information

The Department of Health and Human Services recently updated the [Provider Relief Fund \(PRF\) FAQs](#) with Phase 3 information. Several of the FAQs also provide helpful insights into other PRF requirements. The updated FAQs are lengthy. Below are highlights from the October 6 additions.

Highlights discussion in the document include:

- Support for Providers Missing PRF Dollars;
- Phase 3 Methodology/Formula Overview;
- Eligibility and Receipt of Other Funding;
- VBP and PRF; and
- Infection Control & Current Staff.

Detailed Discussion of PRF October 6 FAQ Updates

- **Support for Providers Missing PRF Funds.** Phase 3 is intended to offer funds to providers who: a) have not yet received any PRF funds; or b) have not received 2% of their annual revenue from patient care as part of previous phases of the General Distribution.

Implications. The FAQs mean providers who:

1. Are missing payments from previous allocations as well as providers who began operations in December 2019 or in 2020;
2. Received no PRF dollars but who meet the eligibility criteria may submit an application to secure such funds; and
3. Have not received 2% of their annual revenue from patient care, may submit requesting an amount up to 2% of their annual revenue from patient care.

- **Methodology/Formula Overview.** HHS indicates that the actual percentage paid to providers will be in part dependent upon how many providers apply for Phase 3. HHS approach will vary by provider scenario.

Implications. HHS described the amount paid as “a percentage of their change in operating revenues from patient care minus their operating expenses. The terms, “operating revenues” and “operating expenses” are defined in the FAQs. In terms of provider scenario payment calculation, if providers have not received 2% of annual revenue from patient care, the providers will submit up-to-date financial information as outlined by HHS, even if similar information has been submitted before, as well as PRF

dollars received to-date. HHS will calculate the award based upon this information. If a provider has received no PRF dollars, the provider will submit all needed financial information and request the full 2% of annual revenue from patient care.

- **Eligibility and Receipt of Other Funding.** HHS discussed Medicaid allocations and receipt of FEMA and SBA loans, specifically, the Payroll Protection Plan (PPP) loan program. HHS discusses receipt of these funds in the updated FAQs as in previous statements indicating that health care providers must “substantiate that the PRF payments were used for increased health care related expenses or lost revenue were not reimbursed from other sources or other sources were not obligated to reimburse.”

Implications. Medicaid allocation recipients are eligible to apply for Phase 3. The FEMA and SBA language is identical to previous HHS statements about treatment of these funds. Additionally, this language links to PRF Reporting Guidance which appears to indicate that PPP funds, and possibly FEMA, must be accounted for when reconciling PRF use.

- **VBP and Lost Revenue.** In the context of stay at home orders, HHS provides guidance on lost revenue and VBP programs. HHS states, “lost revenue estimates should be based on budget-to-actual or year-over-year, and should include revenue from all sources that can be attributed to COVID-19. This may include value- based payments, such as quality measure achievement payments.”

Implications. HHS will need to issue additional guidance on how they Department will apply this policy.

- **Infection Control May Pay for Current Staff.** Payments from the Nursing Home Infection Control Distribution may be used to cover “hiring” expenses related to both recruiting new hires and the continued payment and retention of existing staff to provide patient care or administrative support.

Implications. For current staff, providers may use PRF funds for infection control activities. However, as with all PRF use, providers should develop time and attendance tracking to account for current staff time used for infection control efforts.