

HHS PRF Reporting Q&A
(Questions Posed During 08/18/2021 AAOE Webinar)

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1 Following last week's webinar we received many questions relating to what is an allowable expense for the PRF reporting portal. We wanted to clarify a few things based on those questions.

Are expenses that existed prior to the pandemic allowable for the use of PRF Payments?

Although the guidance on this is not entirely clear, it is our understanding that only expenses specifically incurred to prevent, prepare for, or respond to the pandemic can be reported on the expense-portion of the reporting. The remainder of expenses are likely to be captured in the Lost Patient Revenue section. It is HHS's intention that PRF payments be used for expenses directly related to COVID 19, AS WELL AS to cover lost patient revenue. So if patient revenue was usually used to cover pre-COVID expenses like payroll, rent, and other overhead, the lost patient revenue calculation will capture those expenses.

2 **I received 3rd wave provider relief stimulus funds in Jan 2021. I am retiring this year and not selling my practice, just closing. When and how do i report those funds as I will be totally retired and have no employees.**

You will be required to report the funds in the July 1, 2022-September 30, 22 reporting period. Unfortunately, there is currently no option to report early. That said, for ease of reporting when the time comes, you may consider having your staff compile the information now and complete the sample worksheet provided by HHS to assist in the reporting. Then, when the reporting time comes, you may engage your accountant to assist. Otherwise, your other option would be to return the funds, thereby avoiding the need to report at all.

2 **For lost income, should optical income be included?**

It depends on: (1) whether your optical business is under the same entity as your ophthalmic practice and (2) whether the income relates to patient services or retail items. Only income under the TIN of the

entity (other than specific subsidiaries) can be reported by that entity. Further, only income for patient care services is to be included, which specifically excludes retail and prescription sales.

3 Could you post the website to see these slides again?

They have been posted here: <https://www.aao.org/practice-management/resources/videos>

4 The “help line” at the UHC/HRSA site could not agree on whether the EIDL loan OR the Medicare Advance Payment should be included in the attestation to “aid received”. My concern is that these are LOANS, not GRANTS, so while they are “support”, why should we attest to these any more than our, say, personal lines of credit at the banks?

We've seen conflicting information on whether EIDL loans are considered other assistance. Although we have been unable to obtain a definitive answer on this, it is our position that any grant portion of the EIDL, whether the initial \$10,000 grant or a subsequent targeted advance, would be inclusive since they aren't loans. Any portion that is not a grant and must be repaid likely would not be considered other assistance received.

5 Do PRF funds need to be applied to specific expenses - or can they be attributed to making up for lost revenues? On the page where expenses are delineated, can every field be left at \$0 because the dollars were just saved to make up for this lost revenue?

They do not necessarily need to be applied to specific expenses; however, HHS does want to see a good faith effort to account for expenses in addition to Lost Patient Revenue. Accordingly, it is our recommendation that expenses be reported through the portal.

6 If all PRF funds were expended, do we still need to complete the unreimbursed expenses spreadsheet?

No, but if you have additional expenses above the PRF amount received for that reporting period, it may be beneficial for future reporting obligations.

7 Can the money in the first quarter be spent in another quarter?

The funds received in the first Period may be used for the entire Period of Availability (which for Period 1 is January 1, 2020 to June 30, 2021). They cannot be used, however, in a subsequent Period of Availability.

8 If we received funds such as Advance Payment and EIDL grant, but returned the money in full do you report this as funds given on the "other assistance received"?

No, you would not report funds that were returned so long as they were returned prior to the reporting period. If you still have the funds, they should be included.

9 We received over \$750K and are required to have an audit (possibly Single Audit; possibly just audit from our accountants). What year is the audit required - for the year we received and used funds (i.e. 2020)?

The audit is to be performed in the entity's fiscal year in which they received \$750,000+ in funds. That said, the Addendum to the 2020 Compliance Supplement, available at <https://www.whitehouse.gov/omb/management/office-federal-financial-management/>, permits recipients that received COVID-19 funding with original due dates from October 1, 2020, through June 30, 2021, (which is applicable for fiscal year ends January 31, 2020 – September 30, 2020) an extension for up to three (3) months beyond the normal due date in the completion and submission of the Single Audit reporting package. This extension does not require individual recipients to seek approval for the extension; however, recipients should maintain documentation of the reason for the delayed filing.

10 What is a "single audit"?

Single Audit is a requirement for any entity that receives \$750,000 or greater in federal funds during any fiscal year. More information can be found on HHS site about the Single Audit here: <https://www.hhs.gov/about/agencies/asfr/data-act-program-manage>

11 Do we report UN-reimbursed expenses in phase 1 reporting if we will be allocating the phase 2 funds to these items?

Not unless you need to justify the use of the Phase 1 PRF received. That said, whether you choose to report in Phase 1 or Phase 2, you will still get credit for those expenses since any remaining "loss" after the PRF are expensed will be carried forward to future reporting periods.

12 Can you estimate expenses related to COVID just by subtracting 2020 qtr revenues from 2019 quarter revenues?

No. Expenses must be accounted for (and potentially justified through supporting documentation), so estimating would not work. Comparing 2019 to 2021 works for the Lost Patient Revenue calculation but not for the expense calculation.

13 We received two payments that fall into two different reporting periods. Each payment was over \$10,000. When I contacted HHS the person I spoke to told me I would only report on the first payment. I don't know how to handle this.

What they likely meant is you will only report on the first payment right now. The funds received in a different period would be reported in the corresponding reporting period. Consult the timeline table to determine which reporting period applies to the period in which you received your funds.

14 Is malpractice insurance an eligible expense?

Only if it was to prepare for, prevent, or respond to COVID-19 (e.g., increase to malpractice premium as a result of COVID). Otherwise, this should be addressed in the Lost Patient Revenue section. See clarification on expenses attributed to COVID-19 (Question #1).

15 It appears we need to show how the money was spent even though it didn't cover all of the lost revenue. Is this correct?

HHS is looking for a good faith attempt at capturing expenses attributable to the Pandemic that weren't reimbursed from other sources. So even if your Lost Patient Revenue exceeds PRF payments, we recommend identifying those other expenses as accurately and completely as possible.

16 Do you recommend we do separate reporting for funds received in period 1 vs. period 2, 3, or 4 even if we used up all the funds within the current reporting period??

Reporting in different Periods will be required if you received payments in different Periods. Consult the timeline table to determine which Periods you received the PRF payments and those will be the Periods you will be required to report. So if you received funds in each of those periods you must report in each of those periods for each of the funds. That said, note the Period of Availability (the period during which the funds may be used) starts on January 1, 2020 for all Periods. It is possible that the portal will pre-populate prior expenses and lost revenue such that you will not have much to report in subsequent periods if the funds have already been used.

17 "The SBA informed the GAQC (Government Audit Quality Center) that PPP loans will NOT be subject to a Single Audit. However, there are other publications that represent if any entity received PRF and PPP combined over the \$750,000 threshold, then a Single Audit MAY be required. Our medical practice received a combo above \$750,000. Do we need to complete a Single Audit??Any clarification would be appreciated."

Our understanding is that PPP funds do not count towards the Single Audit threshold under the PRF program. Whether they apply to the Single Audit requirements for other government programs, we are not aware. You may want to inquire with your accountant regarding this.

18 Does the rent, insurance, utilities expense have to relate to Covid?

Yes, in order to qualify as a reportable expense, they would have to be incurred to prepare for, prevent or respond to COVID 19. See clarification on expenses attributable to COVID-19 for additional information.

20 Max salary for PRF is \$197.3K while PPP was only \$100k. Can the difference be used to expense unused PRF payments?

It can, so long as those expenses were to prevent, prepare for, or respond to COVID-19. Otherwise, it may be accounted for in lost revenue. See clarification on expenses attributable to COVID-19 for additional information.

21 Would a new optos camera be considered an appropriate expense to apply funds toward? The idea was to minimize face-to-face contact and clear the waiting room faster to promote distancing

Yes, this type of expense would be considered in response to the pandemic and an expense permitted to be paid for with PRF payments. Just make sure that you maintain documentation which justifies its use as being responsive to COVID concerns.

23 IT - can we put our monthly computer systems (EMR/PM) in this area?

If they were expenses that were incurred to prevent, prepare for, or respond to COVID 19, then you may. Otherwise, the costs may be accounted for in lost revenue. See clarification on expenses attributable to COVID-19 for additional information.

24 If all patients seen are potential COVID patients, can ALL salaries be included?

Salaries for employees can be reimbursed through the PRF payments, but not necessarily as covered expenses. They would only be listed in the expenses section IF they were directly related to COVID (e.g., hazard pay increases; bonuses for overtime worked; etc.). It is more likely that they would be captured in the Lost Patient Revenue portion (i.e. PRF payments are intended to make up for lost revenue – which would have otherwise been used to cover overhead expenses such as salaries).

25 Can we report increase in ppe supplies if compared to pre covid cost (marginal increases)?

Yes, these are certainly the type of expenses HRSA is trying to capture in the expense portion.

27 Is drug costs for retina drugs included in patient revenue in total or net of drug cost ?

Patient revenue is determined as total revenue inclusive of expenses like drug costs. This was a change in the HHS PRF reporting guidelines in November 2020.

29 Regarding figuring lost patient care revenue it says "total revenues/Net Charges from Patient Care". Net charges are different than revenue. Why do they refer to net charges??

It is our understanding, based on the PRF FAQs and Reporting Requirements Notice that total revenues and net charges are intended to be synonymous. The Notice defines Total Revenues as “Net of uncollectible patient service revenues recognized as bad debts”. The FAQs clarify that, for purposes of reporting patient revenue, entities should exclude the amount of contractual adjustments from all third party payers and charity care adjustments, as applicable. We believe this was intended to explain Net Charges. Accordingly, patient revenue should be net of any contractual and charity care adjustments and bad debt.

30 Can I claim my condo fee and rent?

Only if it was incurred to prevent, prepare for, or respond to COVID 19 (e.g., increase in maintenance fees because of additional cleaning requirements). Otherwise, it would likely be accounted for in lost revenue.

31 Patient revenue is by patient date of service, rather than the date of collection, right?

It would go by your accounting method, whether cash based or accrual based. If you use cash based accounting then it would go by the date of collection; for accrual based accounting, it would go by the date the revenue was earned. We recommend consulting with your accountant to determine your accounting method if you are unsure.

32 Lost revenue: computed only by year (2019 vs 2020), or can it be computed by month (5/19 vs 5/20)?

To complete it by month you would need to use Option 3 reporting (any reasonable methodology). This is a good example of where Option 3 would be beneficial. If your quarterly year over year comparison doesn't show a significant loss because certain months in the quarter were profitable, that would be an explanation of why the month to month comparison is reasonable.

33 Rent expense - must this be for additional space rented due to COVID, or can it be due to space we were already renting before COVID?

Generally, it would only include additional space rented since the original space is not being used to prepare for, prevent, or respond to COVID 19. The expenses for the original space would be accounted for through lost patient revenue. See our clarification regarding expense reporting.

34 We added a physician in Aug 2019, (went from 4 to 5 physicians). Adding that physician allowed us to not show an initial loss comparing 2019 to 2020. Could we remove the new physicians revenue to make the comparison? This would then compare "apples" to "apples".

Yes, you would have to use the Option 3, any reasonable methodology, for the Lost Patient Revenue calculation and explain that in the narrative.

35 For patient care losses in 2021 quarter 1&2, do we compare to 2019 Q1&2, or 2020 quarters 1&2?

2019 numbers are the base line for 2020 and 2021. So for Q1&2 of 2021 would be compared to Q1&2 of 2019.

37 Can you use rent as an expense if a doctor's wife owns the property under a separate business?

Who owns the property is irrelevant for purposes of PRF reporting. If the expense was incurred to prevent, prepare for, or respond to COVID 19, it can be reported as an expense. Otherwise, it would be accounted for in lost revenues.

39 For personnel basically what your number was at the end of the quarter (total) should be reflected correct?

Correct, numbers are reported quarterly and the number closest to quarter end is what's applicable.

40 Concerning the revenue categories. Will the portal ask for a break down of each category, or can we report revenue in total?

For option 1 and 2, the portal will be looking for revenue broken out into the payor sources listed (Medicare A or B, Advantage, CHIP/Medicaid, etc.). For Option 3, you provide the calculations so it may be possible to submit it without it being broken out by payor source. However, there is no guidance as to whether this will be acceptable to HHS. They may reject that methodology as not reasonable and request actual numbers. You would not, however, be penalized for reporting via Option 3; you would simply have a second chance to report using the pre-approved Option 1 or 2.

41 Two locations with two separate ID numbers - (different states) – how should we report?

If they aren't reported as parent/subsidiary on their financial statements, they wouldn't be considered as such for reporting purposes so you would need to report for each entity separately.

42 If you use all of your PRF funds in the itemized section do you still need to do the lost revenue calculations?

You do not, and the portal may not even allow you to. However, if permitted, we strongly advise you to report if you have lost patient revenue as it can be carried forward to future reporting periods.

43 For personnel information, is it truly the number of employees or are they looking for FTE numbers

It is our understanding that the portal will ask you to specifically list your FT employees (personnel working, on average, more than 30 hours per week or 130 hours per calendar month) and your part-time employees (between 1-34 hours/week).

44 Seems should be reasonable for all ophthls doing cataract surgery to use the losses related to that as choice 3 for lost revenue to more than satisfy the PRF funds. In my case, unable to operate not just for 3 mo in spring 2020, but this happened again spring 2021. True?

For any periods where you weren't able to operate, the expenses you incurred during that period will be reimbursable through the PRF payments, either as expenses directly attributable to COVID-19 or as lost patient revenue (most likely lost patient revenue).

45 Can the expenses be more than the loan received?

The first reporting step on general disbursement funds will be capped at your actual PRF payments. The next step, Net Unreimbursed Expenses, will permit expenses above those PRF Payments.

46 Do PPP monies received need to be prorated to only include the Period of Availability?

PPP money should be reported on the other Other Sources of Assistance section in the quarter in which it was received. You do not need to provide an explanation as to when those funds were used. However, you cannot report payroll as a reimbursable expense if it was already reimbursed by the PPP funds.

47 Can't we just use wages, benefits and p/r taxes for an appropriate period without claiming they are COVID related?

Based on our review of the guidance, you cannot report payroll expenses if they aren't incurred to prepare for, prevent, or respond to COVID-19. However, they will be captured in the lost patient revenue section.

48 State 2 Entity leases employees from State 1 entity - State 2 entity had to close starting in April 2020 since office could not be made safe for treating patients due to COVID. Severe loss of revenues. Employees still employed by State 1 - used to double staff for safety . How would employees be reported by State 2?

The State 2 entity would report the same way as any other entity that uses contractors to perform services. Rather than reporting these individuals as employees, they would be reported as contractors. Otherwise, everything else (expenses and lost revenues) should remain the same.

49 How were the PRF payments designated on the direct deposit?

It is our understanding from other clients that the deposit had a reference to "HHS Stimulus Payment" (or something similar) to identify it as PRF payments.

50 Is the single audit on funds received or funds expended?

Single Audit threshold is based on funds received not funds expended.

51 Are the general expenses such as insurance, does this apply to providing health insurance for employees? I'm trying to figure out how this applies to COVID or if the meaning is: these costs could not be paid if not for receiving the funds.

General expenses can be reimbursed with PRF payments, either as expenses directly attributable to COVID-19 or as lost patient revenue that would normally be used to cover those expenses. If the health insurance expenses would be incurred regardless of COVID, they will be accounted for through lost patient revenue since, as mentioned by the original poster, the practice would not have been able to pay for health insurance given such loss in revenues.

53 What time-frame is the Personnel requirement based on?

Done quarterly for the period of availability so for Reporting Period 1 it will be from 1Q 2019 to 2Q 2021.

54 **Clarification - if we tell them we received PPP loans do we include the employee expenses that were reimbursed by that PPP loan so that they (HHS) cancel each of these out from each other?**

You would report on the total PPP money received on the Other Sources of Assistance tab. You would not be required to identify what that money was used for, but you cannot report payroll on the reimbursed expenses step.

55 **"Unreimbursed Expenses"-- what can we include? For example if my total G&A expenses for the quarter is \$100,000 and PRF covered only \$75,000-- is the remaining \$25K considered "unreimbursed expenses" and reported on that section?**

It is, so long as those expenses were to prepare for, prevent or respond to COVID 19. Otherwise, they would be accounted for in lost revenues.

56 **I understand I should not include high cost retinal meds revenue. Do you agree?**

For the Lost Patient Revenue calculation, the revenue is inclusive of expenses like Cost of Goods sold. So you would be reporting the revenue numbers inclusive of high cost retinal drugs in the year over year comparison.

57 **If you received the EIDL loan from the SBA, but only applied for it in the event of the worst case scenario. If you have not used any of the EIDL funds, will this create a unfavorable outcome in this report?**

Not likely, so long as you aren't attempting to "double-dip" on expenses already paid for with other sources of assistance. In this instance, it is assumed that you would return the EIDL funds.

58 **If I have left over expenses from period one, should I list them in period 1 report or save these expenses to list for period 2?**

You may report them on the net unreimbursed expenses section or report them in Period 2. Either method will have the same end result.

59 **Our expenses were partially covered by patient revenue in the early days since we saw certain retina patients. Should we be careful about reporting all of the available expenses. With all of the expenses, we can easily account for all of the fund even though we did not have that big of a loss.**

You should account for all expenses related to COVID; all unreimbursed expenses related to COVID (which it sounds like you may not have) and then lost patient revenues. Whether or not you had significant patient revenue in the early days of the pandemic is irrelevant for purposes of reporting COVID-related expenses. Your losses, however, will be limited such that most of the PRF payments will need to be applied to such expenses.

61 **Our PM software doesn't distinguish between commercial pay and Medicare Advantage payments.**

You may need to report using Option 3, any reasonable methodology, with an explanation as to why it's reasonable and doing the calculations without the breakout by payor source.

62 If my rent is paid to a separate real estate entity owned by the physicians (common ownership), can this be used as an expense for HHS dollars?

Ownership of real property is irrelevant for purposes of reporting. However, the expense should only be reported if it was incurred to prevent, prepare for, or respond to COVID 19. Otherwise, it will be accounted for in lost revenue.

66 We had a contractor physician that had his own practice (less than a year old) in another town and worked with us part time. He had to close his practice because of COVID and moved out of state. We have not been able to replace this doctor.

This would likely be captured in Lost Patient Revenue.

67 We established a remote tech position to handle patient inquiries, arrange telemedicine, etc. We continue to use this position. Would the entire expenses related to this position be considered a COVID related cost?

Yes, in this case, the payroll and benefits were incurred to respond to the COVID 19 pandemic.

68 Please clarify: If I saw both COVID and non-COVID patients during the covered period, can I include my full rent as an expense? If not, must I break out the COVID vs non COVID rent expenses?

Technically, you could pro-rate the rent for the treatment of COVID patients. However, it would be easier not to include any of the rent in the expense portion of the portal and allow such expenses to be accounted for via loss of patient revenue since patient revenue would typically be used to cover those expenses.

69 Do you take the employee retention credit into consideration? Many practices are now submitting 941X amended reports for 2020.

Since this credit is additional assistance provided via the CARES Act to assist providers, I would suggest including it on the Other Sources of Assistance page. However, you may want to inquire with your accountant regarding this.

70 I can't see how you can take Owner Doc's salaries as they got their salaries before COVID - How can you take the salary limit

Salaries for employees who were hired specifically to respond to the COVID 19 pandemic and not reimbursed from other sources of assistance can be an reimbursable expense under the PRF program. Owner salaries would likely be accounted for only through lost patient revenue since they would have been incurred regardless of the pandemic.

73 What if you received prf under your sole prop ein, but became incorporated January 31st last year and now have a different ein?

For changes in entity information during the period of availability you'll need to contact HRSA and self-report the change by contacting the Provider Support Line (866) 569-3522; for TTY dial 711.

75 Our biller quit in April, 2020 and I took over. I found a lot of unbilled services from 2019 and collected most of it in 2nd quarter 2020. This makes our revenue higher than it would have been in early 2020. How can we handle this?

You may need to report using Option 3, any reasonable methodology, with an explanation as to why it's reasonable and doing the calculations without the breakout by payor source.

76 If not already asked, you should address the idea of “bonus” pay being expensible (i.e. you had to pay people more to be willing to work, which should be obvious from salary history)

Retention bonuses, increased pay or hazard pay are permitted if they were they were used to prevent, prepare for, or respond to COVID 19. If bonuses were paid in order to get employees to work during the pandemic, that certainly would be an allowable expense.

Helpful Links:

<https://www.hrsa.gov/sites/default/files/hrsa/provider-relief/provider-post-payment-notice-of-reporting-requirements-june-2021.pdf>

<https://www.hrsa.gov/provider-relief/faq/reporting>