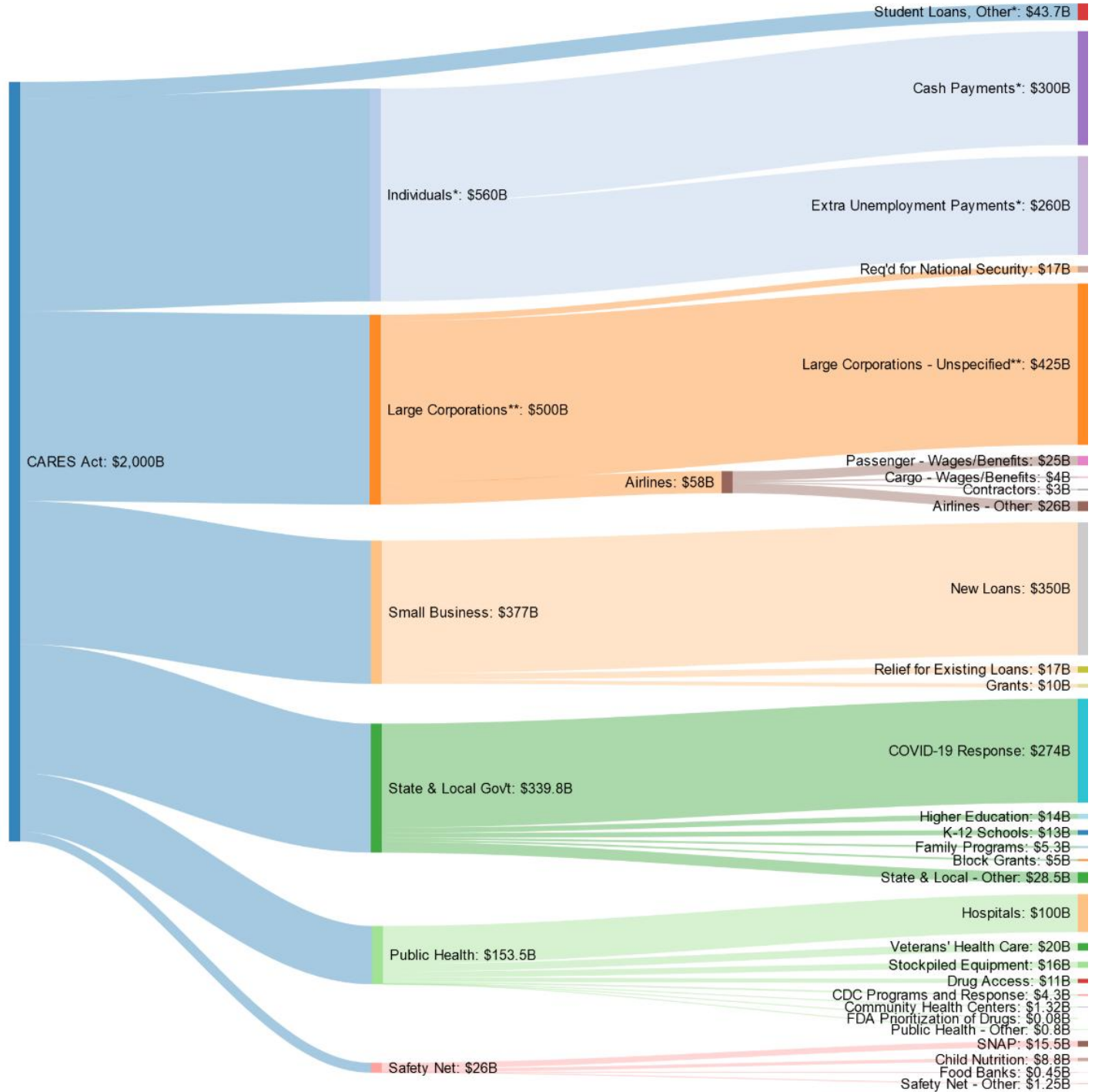


The Provider Relief Fund Audits: The Results are In

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Provider Relief Fund: The Basics

- Part of the Coronavirus Aid, Relief, and Economic Security Act (CARES)
 - \$2.2 Trillion Dollar Spending Package
 - Included other stimulus payments, including:
 - Paycheck Protection Program
 - SBA Loans
 - Increased unemployment benefits
- Provided total of \$175 Billion in a “**Provider Relief Fund**” (PRF)

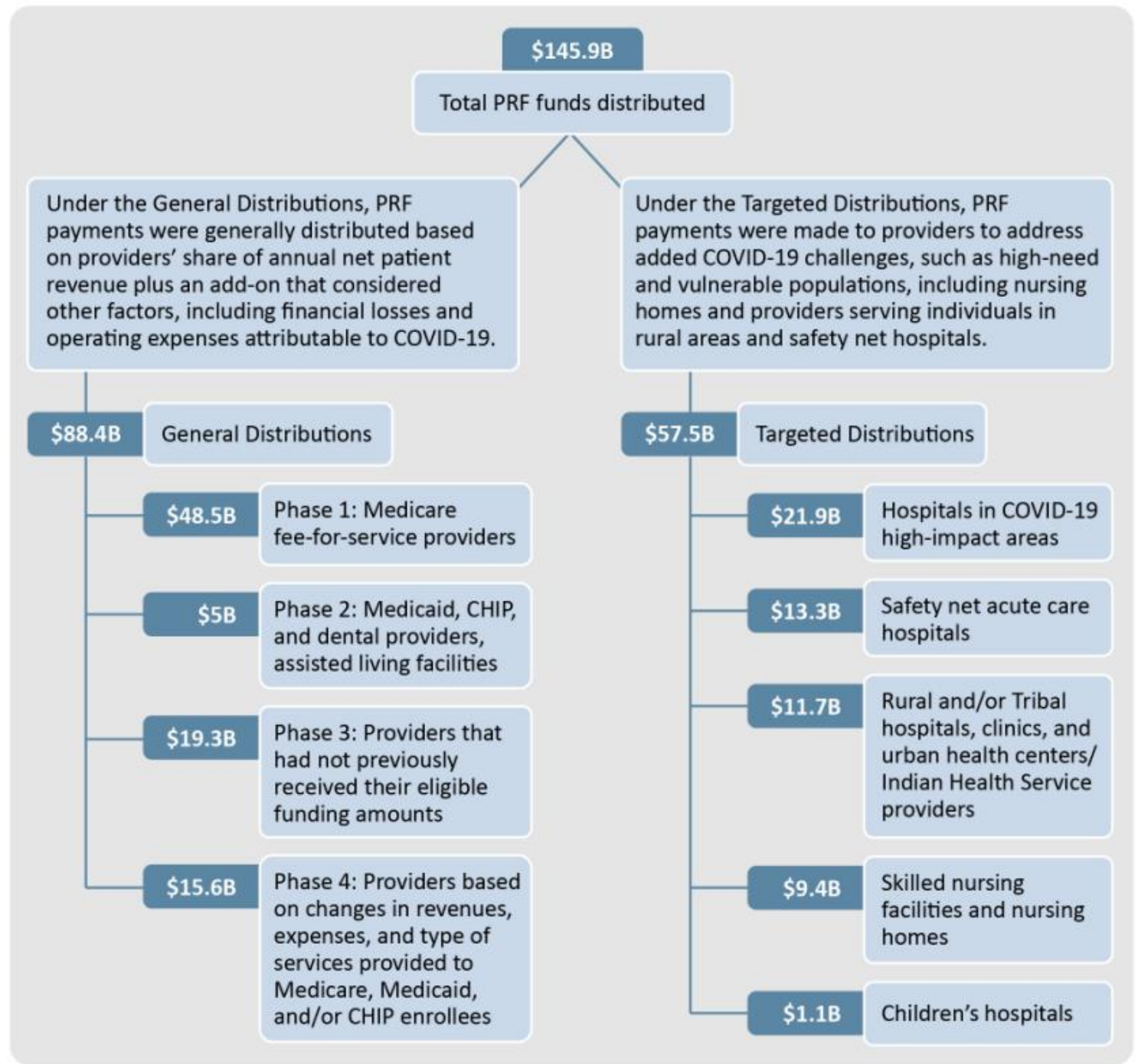


Provider Relief Fund – General Distribution

- Phase 1: \$50 Billion for Medicare fee-for-service providers
- Phase 2: \$18 Billion for Medicaid and CHIP providers, dental, and assisted living
- Phase 3: \$24.5 Billion for behavioral health providers not previously eligible under prior phases and providers with losses or incurred expenses during first half of 2020
- Phase 4: \$17 Billion for eligible providers with losses or incurred expenses from July 1, 2020 through March 31, 2021

Provider Relief Fund – Targeted Distribution

- COVID-19 High-Impact Payments
- Rural Payments
- Skilled Nursing Facilities and Nursing Home Payments
- Tribal Hospitals, Clinics, and Urban Health Centers Payments
- Safety Net Hospitals Payments



Provider Relief Fund Terms and Conditions

- Only used for prevention, preparations, and response to COVID-19; only for health care related expenses or lost revenues attributable to COVID-19
- Won't use funds for expenses or losses that have been reimbursed, or obligated to be reimbursed from other sources
- Submit reports to HHS to ensure compliance
- True and accurate application for said funds
- If receiving over \$150,000 in funds, make quarterly financial reports to HHS to explain use of the funds
- Not use funds for: Executive pay levels in excess of \$197,300 (2020) and \$199,300 (2021); no lobbying; no use of funds for politically sensitive topics

Provider Relief Fund Terms and Conditions

- Key items:
 - Allowable Expenditures – only for COVID
 - Accurately reporting lost revenues due to COVID. Three methods allowable:
 - Calculating the difference between actual patient care revenues from 2019 and actual patient care revenues during the period of availability
 - The difference between budgeted patient care revenues (approved by hospital officials prior to March 27, 2020) and actual patient care revenues; or
 - “any reasonable method of estimating revenues”

Lost Revenues Options	Option 1	Option 2	Option 3
<i>Definition of Option</i>	<i>The difference between actual patient care revenues from 2019 and actual patient revenues during the period of availability</i>	<i>The difference between budgeted and actual patient care revenues</i>	<i>Any reasonable method of estimating revenues</i>
PRF Reporting Portal Option	2019 Actual Revenue	2020 Budgeted Revenue	Alternate Reasonable Methodology
Base Period for Calculation	2019	2020 or 2021	Not prescribed
Calculation Method	Actuals vs. Actuals (e.g., Q1 2020 vs. Q1 2019)	Budget vs. Actuals	Not prescribed
Frequency of Calculation	Quarterly	Quarterly	Quarterly
Duration of Lost Revenues Period	Each quarter during the period of availability	Each quarter during the period of availability	Each quarter during the period of availability in which lost revenues were determined
Service Lines To Include in Revenues	All patient care services	All patient care services	All patient care services (as appropriate for methodology)
Budget Approval Date	Not applicable	Before March 27, 2020	Not prescribed

Source: HRSA, [Provider Relief Fund Lost Revenues Guide – Reporting Period 1](#). Accessed on Mar. 26, 2025.

The OIG Audits

- 6 provider audits in total:
 - [Hospitals](#)
 - [Hospices](#)
 - [Nursing Homes](#)
 - [Assisted Living Facilities](#)
 - [Dental Practices](#)
 - [Indian Health Service and Rural Providers](#)
- 3 Audits of Program in General and HRSA/HHS Oversight

Purpose of Audits

- Determine whether selected providers used PRF payments in compliance with Terms and Conditions
- Learn how providers made choices related to allowable expenses and calculating lost revenues
- Recoup any funds that were used inappropriately
- If findings, make recommendations to HRSA to fix in case of future distributions for new emergency

Overall Findings

- Hospitals: 11 out of 30 had findings (37%)
- Hospice: 7 out of 30 had findings (23%)
- Nursing Homes: 10 of 30 had findings (33%)
- Assisted Living: 9 of 30 had findings (30%)
- Dental Offices: 4 of 30 had findings (13%)
- Indian Health & Rural: 14 of 30 had findings (47%)

Hospitals: Methodology of Audit

- 4,725 hospitals received PRF funds totaling \$74.1 Billion
- Selected 30 hospitals:
 - PRF funding of the 30 hospitals totaled \$6.6 Billion
 - Hospitals selected based on a risk analysis that included geographic location:
 - COVID high impact areas, urban, and rural areas
 - Total PRF payment amounts
 - Structure of organization (health systems vs. stand alone hospitals)
- Audit conducted from November 2021 to December 2024
- Each audited hospital was interviewed and reviewed all reports submitted to HRSA regarding use of PRF payments

Hospitals

- Targeted functions of Audit:
 - Were PRF payments used only to prevent, prepare for, and respond to COVID-19?
 - Were PRF payments used for health care-related or general and administrative expenses or applied to offset eligible lost revenues attributable to COVID-19, and was the amount for any lost revenues applied toward PRF payments accurately calculated?
 - Were PRF funds used to pay for expenses reimbursed by another program?
 - Were payments made to fund salary at a rate in excess of PRF T&Cs?

Hospitals

- Selected hospitals ranged from receiving \$1.2 Billion in PRF payments to hospital that received \$16.1 Million in PRF payments
- Reviewed General Distribution payments and certain Targeted Distributions
- Reviewed hospitals' policies and procedures for monitoring, tracking, and expending PRF funds

Hospitals: Results

- 11 hospitals with findings
- 10 hospitals used PRF payments for unallowable expenditures
- 2 hospitals inaccurately reported lost revenues
- 1 hospital both used PRF for unallowable expenditures and inaccurately reported lost revenues

Hospitals: Results

- Unallowable expenditures totaled \$63 Million
- Inaccurately calculated lost revenue totaled \$645.6 Million
 - Only two hospitals
- Some findings were relatively minor:
 - One Hospital had \$91,948 in findings on \$1.2 Billion of PRF payments
 - 4 hospitals had repayment obligations under \$500k
- Total results massively skewed by one hospital:
 - OIG found that \$684,577,381 in both costs not adequately supported, and inaccurately calculated lost revenues
 - Accounted for 96.6% of all monetary findings of the entire hospital audit

Hospitals: Detailed Results; Salary threshold

- \$4.6 Million total payments made for expenses for executives in excess of limits:
 - One hospital used PRF payments to cover salary and fringe benefits to 16 employees based on a method tied to percentages of COVID-19 discharges or COVID-19 patient days (\$2.9 Million)
 - One hospital used PRF to cover salary costs for certain employees who worked more than 2080 hours in 2020 (\$1.6 Million)
 - Another made similar payments to executives over threshold (\$80k)

Hospitals: Detailed Results; Costs Not Supported

- Three hospitals did not maintain adequate documentation to support the use of PRF payments to cover salary and fringe benefits (\$52.5 Million)
 - 2 hospitals did not provide any payroll records to support (\$52.1 Million)
 - 1 hospital did not have \$364k in payroll costs inputted into timekeeper system

Hospitals: Detailed Results; Duplicate Expenses

- Two hospitals
- One hospital submitted an expense report totaling \$5.7M in phase 1, and submitted a duplicate report in phase 2
- One hospital had \$106k in PRF funds for salary deductions, but also included same calculation in gross salaries charged

Hospitals: Detailed Results; Inaccurate Lost Revenue Calculation

- 1 Parent hospital reported lost revenue totaling \$643.2M, but same amount was also reported for 4 of its subsidiary hospitals
- 1 Hospital overstated lost revenues by \$2.4M because it used incorrect 2019 actual patient service revenues

Hospitals: Root Causes

- Clerical errors in reporting PRF expenditures
- Incorrect interpretation of HRSA guidance
- Insufficient documentation and validation procedures

OIG Recommendations For HRSA

- Hospitals should return unallowable expenditures
- Ensure that hospitals correct accounting for lost revenues
 - Will have to recalculate lost revenues which likely will lead to paybacks

Key Take Aways

- PRF Funds that have not been audited are still subject to potential recovery by HRSA
- No indication of further widespread audits, however still risk if your hospital inaccurately reported lost revenue, or made expenditures outside terms and conditions of PRF
- Findings indicate that financial management and documentation are key components of Incidence Response Team
 - Applicable not just to pandemics, but more localized disaster management response
 - Legal terms and conditions for these programs still apply in emergencies

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- Like all problems in hospitals, incident response requires a multi-disciplinary approach.
 - Finance and legal teams need to be part of incidence response team to help manage and track expenditures and use of any federal/state funds
 - Lessons are also applicable to other federal disaster relief efforts including FEMA.

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Thank You



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