



August 4, 2021

Diane Turpin, Esq.
General Counsel
Critical Access Hospital Coalition
975 F. Street NW, Suite 400-A
Washington, DC 20004

Dear Ms. Turpin:

Thank you for your letter regarding the U.S. Department of Health and Human Services (HHS) Provider Relief Fund (PRF). The PRF is administered by the Health Resources and Services Administration and I welcome the opportunity to update you regarding PRF payments.

As you know, to respond to the urgent needs of the nation's health care providers in the wake of COVID-19, Congress established the PRF – a \$178 billion investment to stabilize the U.S. health care system facing unprecedented financial losses. In addition, Congress recently appropriated an additional \$8.5 billion through the American Rescue Plan Act, specifically for Medicare and Medicaid providers located in rural areas or serving rural patients.

As you note, a number of facilities, such as safety net hospitals, have unique challenges as a result of the pandemic. In light of this, HHS made targeted payments to such providers in addition to the payments made in general PRF distributions, which included broader eligibility criteria. In June 2020, HHS allocated \$10 billion for safety net hospitals. In July 2020, HHS made an additional \$3 billion available to additional facilities based on feedback from stakeholders regarding the eligibility criteria.

Additionally, on June 11, 2021, HHS released revised reporting requirements for recipients of PRF payments. Specifically, the new requirements expand the amount of time providers will have to report information, aim to reduce burdens on smaller providers, and extend key deadlines for expending PRF payments for recipients who received payments after June 30, 2020. For more information, please visit HHS's PRF webpage at <https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/reporting-auditng/index.html>.

Regarding cost-based reimbursement, providers may use funds for eligible expenses incurred prior to receipt of those payments (i.e., preaward costs) so long as they are to prevent, prepare for, or respond to coronavirus. That means that critical access hospitals may use PRF payments to cover expenses incurred between January 1, 2020, and June 30, 2021. Expenses may include an array of general, administrative, and health care-related expenses that were paid to prevent, prepare for, and/or respond to coronavirus. By statute, funds may not be used to cover expenses or losses that have been reimbursed from other sources or that other sources are obligated to

reimburse. For examples of allowable expenses please visit HHS's webpage at <https://www.hhs.gov/sites/default/files/allowable-expenses-one-pager.pdf>.

We appreciate the care being given to communities across the nation and recognize that, in doing so, some providers are still experiencing financial burdens. We have also referred your concerns to the Centers for Medicare & Medicaid Services for their consideration. For additional information, including reporting requirements, frequently asked questions, and opportunities for future funding, please visit HHS's PRF webpage at www.hhs.gov/providerrelief.

Please share my letter with your co-signers.

Sincerely,

A handwritten signature in black ink that reads "Diana Espinosa". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Diana Espinosa
Acting Administrator