



Clarification on CAHs' Use of Provider Relief Fund Payments

November 1, 2021

HRSA updated its FAQs on the Provider Relief Fund (PRF) payments, expanding upon its initial comments on the use of PRF by cost-based entities. The CAH Coalition had raised concerns with both HRSA and Members of Congress that the limitations expressed in the FAQ would prevent CAHs from fully utilizing the PRF. We've continued to push HRSA and Congress for clear language allowing CAHs to fully utilize the PRF.

The new language seems to indicate a little more flexibility. The biggest change is highlighted below, but HRSA also draws a distinction between costs associated with care provided to Medicare/Medicaid patients and costs associated with care provided to non-Medicare/Medicaid patients for which the PRF would be eligible.

Click [here](#) for the Provider Relief Fund FAQs updated on October 26. The Q&A on cost-based reimbursement is on pages 22-23. The new language states:

How does cost-based reimbursement relate to my Provider Relief Fund payment? (Modified 10/26/2021)

Recipient must follow CMS instructions for completion of cost reports available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Paper-Based-Manuals/Items/CMS021935>.

Under cost-based reimbursement, the payer agrees to reimburse the provider for the costs incurred in providing services to the insured population. If the full cost was reimbursed based upon this method, there is nothing eligible to report as a Provider Relief Fund expense attributable to coronavirus because the expense was fully reimbursed by another source. Provider Relief Fund payments cannot be used to cover costs that are reimbursed from other sources or that other sources are obligated to reimburse. Therefore, if Medicare or Medicaid makes a payment to a provider based on the provider's Medicare or Medicaid cost, such payment generally is considered to fully reimburse the provider for the costs associated with providing care to Medicare or Medicaid patients and no payment from the PRF would be available for those identified Medicare and Medicaid costs. **Per its authorizing statutes, Provider Relief Fund resources may only be used for allowable expenses and lost revenues attributable to coronavirus, and may only be reimbursed once. Reporting Entities should work with their accountants and maintain documentation demonstrating that any reported health care expenses that Provider Relief Fund payments were applied to were not reimbursed by**

any other source, or obligated to be reimbursed by another source. However, in cases where a ceiling is applied to the cost reimbursement, or the costs are not reimbursed under cost-based reimbursement (such as costs for care to commercial payer patients), and the reimbursed amount by Medicare or Medicaid does not fully cover the actual cost, those non-reimbursed costs are eligible for reimbursement under the Provider Relief Fund.

The prior language stated:

How does cost-based reimbursement relate to my Provider Relief Fund payment?
(Modified 2/24/2021)

Recipient must follow CMS instructions for completion of cost reports available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Paper-Based-Manuals-Items/CMS021935>.

Under cost-based reimbursement, the payer agrees to reimburse the provider for the costs incurred in providing services to the insured population. In these instances, if the full cost was reimbursed based upon this method, there is nothing eligible to report as an expense attributable to coronavirus because the expense was fully reimbursed by another source. Provider Relief Fund payments cannot be used to cover costs that are reimbursed from other sources or that other sources are obligated to reimburse. Therefore, if Medicare or Medicaid makes a payment to a provider based on the provider's cost, such payment generally is considered to fully reimburse the provider and no money from the PRF would be available. However, in cases where a ceiling is applied to the cost reimbursement and the reimbursed amount by Medicare or Medicaid does not fully cover the actual cost due to unanticipated increases in providing care attributable to coronavirus, those incremental costs that were not reimbursed are eligible for reimbursement under the Provider Relief Fund.

We encourage you to contact the Provider Relief Support Line at 866-569-3522 with specific questions. The Support Line is available Monday through Friday from 8 AM to 10 PM Central time.

We continue to speak with Congressional offices about the potential limits on the use of PRF by CAHs. Please keep us posted on what you encounter as you complete the reporting process. As a reminder, a 60-day grace period is in effect for Reporting Period 1 – this ends November 30, 2021. Providers are to return any unused funds as soon as possible after submitting the report, but no later than 30 days after the end of the grace period, or December 30, 2021. Click [here](#) for additional information on reporting.

For additional information, please contact our General Counsel Diane Turpin at diane.turpin@shcare.net or 202-578-5444