

CARES Act Relief Funds Update

Overview

As a result of hardships, economic and otherwise, resulting from the COVID-19 crisis, Congress passed the CARES Act in early 2020. This legislation has included a series of Provider Relief Funds (PRF) that have been distributed in three phases throughout the past year to support American workers in the health care industry. The U.S. Department of Health and Human Services (HHS) initially distributed \$50 billion in April 2020 as Phase 1 funds. These funds were intended to lessen the financial burden for providers who bill Medicare fee-for-service and were allocated relative to the providers' share of patient revenue in 2018. This phase came in two waves, with \$30 billion being released in early April and then a second wave consisting of the remaining \$20 billion being released later. Phase 2 funds were released in the fall of 2020 totaling \$18 billion. Providers who were eligible for these funds included: participants in state Medicaid/CHIP programs, Medicaid managed care plans, dentists, certain Medicare providers, and assisted living facilities.

On December 15th, 2020, the HHS began distributing the \$24.5 billion in Phase 3 COVID-relief funding. These funds may be available to previously ineligible providers as well as those who have received funds from earlier waves. The distribution of the funds will be evaluated and determined based on the applications submitted.

Phase 3 Funds Requirements

In order to receive PRF monies, providers needed to submit an application applying for financial aid. Some providers have already begun to receive funds in response to these applications. It is very important that providers attest to these funds if they wish to keep them.

Once providers receive funds and attest on the HHS website that they wish to keep funds, they need to report what they spent the money on if they have received \$10,000 or more. Additionally, these funds cannot be used for Executive II level incomes, meaning anyone who makes more than \$197,300 annually, which likely includes most pathologists. The funds can be used for a wide variety of other expenses, however, including but not limited to:

- Rent
- Utilities
- Mortgages for business
- Billing expenses
- Consulting expenses
- Salaries under \$197,300/year
- Malpractice insurance

The reporting requirements outlining how funds in excess of \$10,000 were used must include the following:

- Healthcare-related expenses attributable to the coronavirus that have not been reimbursed already by another source or are expected to be reimbursed by another source.
- PRF payment amounts which were not fully expended on healthcare-related expenses attributable to the coronavirus and instead were applied to patient care lost revenues. (Note: PRF payments may be applied toward lost revenue up to the amount of difference between actual patient care revenue between 2019 and 2020).



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If PRF funds are not fully expended by the end of 2020, recipients have 6 months to use the remaining funds toward expenses attributable to the coronavirus that are not being reimbursed by other sources, or they may apply toward lost revenues not exceeding the difference between actual revenues in 2019 and 2021.

Recipients who received between \$10,000 and \$499,999 in aggregate PRF funds are required to report healthcare-related expenses attributable to the coronavirus, less other reimbursed sources, in two categories: General and Administrative (G&A) Expenses and Other Healthcare-related Expenses. The same is true for recipients who receive funds of \$500,000 or more, but they will also be required to report more detailed information under the following sub-categories:

- Mortgage/Rent
- Insurance
- Personnel
- Fringe Benefits
- Lease Payments
- Utilities/Operations
- Other G&A Expenses

The categories for reporting Other Healthcare-related Expenses are reported under the following sub-categories:

- Supplies
- Equipment
- Information Technology (IT)
- Facilities
- Other (i.e., anything that is not captured above)

Key Dates

Naturally, this process has been complex and difficult for some providers to follow. The following are some key dates to keep in mind moving forward.

- January 15, 2021: reporting system opens for providers.
- February 15, 2021: first reporting deadline for all providers on use of funds.
- July 31, 2021: final reporting deadline for providers who did not fully expend PRF funds prior to December 31, 2020.

More detailed information pertaining to the PRF monies, distribution methods and dates, and compliance requirements for reporting can be found on the [HHS website](#).

As always, APS will continue to monitor any and all developments regarding updates in legislation, reporting requirements, availability of funds, and on-going progress combating the fallout of the COVID-19 crisis. If you have any questions as to how to apply for, accept, and/or report use of funds, please contact your Practice Manager.