



Provider Relief Fund

Last updated September 22, 2021

The Provider Relief Fund (PRF) was created in response to the COVID-19 pandemic to provide grant funds to eligible healthcare providers for healthcare related expenses or lost revenues that are attributable to coronavirus.

Congress has appropriated \$178 billion to the Department of Health & Human Services (HHS) to distribute through the PRF. HHS' Health Resources Service Administration (HRSA) partnered with UnitedHealth Group (UHG) to deliver PRF payments. As of September 2021, HRSA indicated that approximately \$39 billion remains unobligated in the fund, meaning it has yet to be distributed.

These are grants, not loans, and do not have to be repaid so long as payment recipients comply [Terms & Conditions \(T&C\)](#), which include certain restrictions on use of funds and other requirements.

Who can I call for help?

The CARES Provider Relief Hotline number is 866-569-3522.

Where can I find more information and stay up to date?

HRSA has been rolling out guidance and making announcements through its [PRF landing page](#). This includes updated [FAQs](#).

Latest Updates

Sept. 10, 2021	HHS announced \$25.5 billion in new funding would be made available beginning Sept. 29, including \$8.5 billion from the American Rescue Plan ¹ for providers furnishing services to Medicaid, Children's Health Insurance Program (CHIP), or Medicare patients in defined rural areas, and an additional \$17 billion for a Phase Four General Distribution for providers who can document lost revenue and changes in operating expenses between July 1, 2020 and March 31, 2021. HHS also implemented a 60-day grace period following the first reporting deadline on Sept. 30, 2021.
June 11, 2021	HHS released updated reporting guidance and announced the PRF reporting portal will open for reporting on July 1, 2021.
Jan. 15, 2021	HHS opens PRF reporting portal for <i>registration only</i> . The 200k + providers that received \$10k or more in PRF payments are directed to register and create an account, but no registration deadline has been announced. This guidance rescinds the previously announced reporting deadline of Feb. 15, 2021.
Dec. 27, 2020	Legislation ² signed into law added \$3 billion to PRF and directs HHS to revise its definition of "lost revenue" for purposes of retaining and reporting PRF payments.

¹ American Rescue Plan Act of 2021 (H.R. 1319).

² Consolidated Appropriations Act, 2021 (H.R. 133).

General Distributions

HHS has issued PRF payments to group practices and other healthcare entities through both General Distributions and Targeted Distributions, which include skilled nursing facilities, high-impact hospitals, rural providers, safety net hospitals, and providers requesting reimbursement for the testing, treatment, and vaccine administration for uninsured patients.

To date, HHS has administered three General Distribution phases, totaling \$92.5 billion. **An upcoming Phase Four General Distribution will begin accepting applications on Sept. 29, 2021, and the application period will remain open for four weeks.**

Phase Four (\$17 billion)

On Sept. 10, 2021, HHS announced a Phase Four General Distribution totaling \$17 billion would become available for application beginning on Sept. 29, 2021. Similar to the Phase Three General Distribution, this round will be based on providers' lost revenues and changes in operating expenses associated with the COVID-19 pandemic from July 1, 2020 - March 31, 2021. The application and additional eligibility details will be posted on HRSA's [Future Payments](#) page.

Phase Four will also include new elements specifically focused on equity, including reimbursing smaller providers for their lost revenues and COVID-19 expenses at a higher rate compared to larger providers (determined by patient revenue thresholds), and "bonus" payments based on the number of services providers furnish to Medicaid, CHIP, and Medicare patients:

- 75% of the Phase Four allocation will be calculated based on revenue losses and COVID-related expenses.
 - "Large" providers will receive a minimum "base" payment amount that is based on a to-be-determined percentage of their lost revenues and COVID-related expenses. "Medium" and "small" providers will receive a base payment plus a "supplement", with small providers receiving the highest supplements.
 - HHS will determine the exact amount of the base payments and supplements after analyzing data from all the applications, but no applicant should expect to receive a Phase Four payment that exceeds 100% of their losses and expenses.
- 25% of the Phase Four allocation will be put towards bonus payments, based on the amount and type of services provided to Medicaid, CHIP, and Medicare patients.
 - HHS will use existing Medicaid, CHIP, and Medicare claims data to calculate this bonus.
 - HHS will price Medicaid and CHIP claims data at Medicare rates, with some limited exceptions for some services provided predominantly in Medicaid and CHIP.

A separate Rural Distribution of \$8.5 billion for providers who furnish services to Medicaid, CHIP, or Medicare patients in [defined](#) rural areas will be determined through the same application and use the same Attestation Portal as the one used for the Phase Four General Distribution. Providers who serve any patients living in Federal Office of Rural Health Policy-defined rural areas with Medicaid, CHIP, or Medicare coverage, and who otherwise meet the eligibility criteria, will receive a minimum payment.

HRSA has indicated that the Rural Distribution funds will go out first, likely beginning in the latter half of November 2021. Phase Four General Distribution funds will start going out in December 2021. Per the program's reporting requirements (further described below), any funds received between July 1 and Dec. 31, 2021, must be expended by Dec. 31, 2022.

Phase Three (\$24.5 billion)

On Oct. 1, 2020, HHS announced an additional \$20 billion was available through a Phase Three distribution, and subsequently increased the total amount available to \$24.5 billion in December.

Under Phase Three, providers that have already received PRF payments were invited to apply for additional funding that considers financial losses and changes in operating expenses caused by the coronavirus. Previously ineligible providers, such as those who began practicing in 2020 were also invited to apply, as were an expanded group of behavioral health providers. The application period closed in November.

On Dec. 16, 2020, HHS began distributing payments under Phase Three and made payments through the first half of 2021. HHS indicated that Phase Three payments are made such that providers receive up to 88% of reported losses and net change in operating expenses from patient care from the first half of 2020.

HHS notes that certain applicants *may not* receive these full amounts because it determined the revenues and operating expenses from patient care reported on providers' applications included figures that were not exclusively from patient care (as defined in the instructions), reported figures were not reflected in submitted financial documentation, or reported figures were extreme outliers in comparison to other applicants of the same provider type; instead, HHS capped the amount paid to these provider types based on industry estimates of revenue and operating expenses from patient care.

On Sept. 20, 2021, HHS announced a Phase Three Reconsideration Period for providers who believe their Phase Three payment was not calculated correctly. The Department published [detailed information](#) about the payment calculation methodology it used in Phase Three. HRSA is developing a structured process to review and reconsider applications and payment determinations.

If after reviewing the above methodology a provider believes their Phase Three payment was calculated incorrectly, providers may contact PRFReconsiderations@hrsa.gov.

Phase Two (\$18 billion)

HHS made an additional \$18 billion available to applicants through Phase Two of the General Distribution.

Providers who received Phase One funding could apply for supplemental funding if they did not receive an initial payment that totals approximately 2% of their annual patient revenue, missed prior deadlines to submit revenue information for additional funds, were previously ineligible due to a change in ownership, or previously rejected Phase One payment.

HHS also expanded eligibility to include participants in state Medicaid/CHIP programs, Medicaid managed care plans, and dentists who did not receive Phase One funds. The deadline was Sept. 13, 2020.

Phase 1 (\$50 billion)

On April 10, 2020, HHS began distributing \$30 billion to group practices and other providers automatically based on their proportion of Medicare fee-for-service payments in 2019. Eligible providers were those who billed Medicare in 2019 and provided patient services after Jan. 1, 2020.

On April 22, 2020, HHS began distribution of the remaining \$20 billion of Phase One to providers to supplement their allocation so that the whole \$50 billion Phase One distribution was allocated proportional to providers' share of 2018 net patient revenue, or the sum of losses incurred for March and April 2020, whichever is less. On April 24, a portion of providers were automatically sent payment based on the revenue data they submitted in CMS cost reports. Providers without adequate cost report data on file, such as most physician group practices, needed to submit revenue information to HHS to receive supplemental Phase One payments.

Attestation

If a provider chooses to accept and retain PRF payments, it must attest and agree to Terms & Conditions of the payment via the [CARES Act PRF Attestation Portal](#) within 90 days (not returning the payment within 90 days of receipt will be viewed as acceptance of the Terms & Conditions).

A provider must attest separately for each of the PRF distributions received. For example, if a provider receives payments under both Phase One and Phase Three of the General Distribution, a separate attestation for each payment must be submitted.

Amount of Payments

How does a group know how much money to expect or receive under the PRF?

HHS guidance regarding the exact calculation of General Distribution payments continues to evolve with each Phase and thus the answer is not so simple. The answer also depends on whether a provider applied for Phase Three or Four funding.

As a general rule, General Distribution payments are calculated based on 2% of a provider's annual revenue from patient care, as reflected by their most recent federal income tax return. However, Phase Three permitted providers to apply and receive funds in excess of the 2% figure based on changes in revenue or net expenses attributable to COVID-19. Thus, under Phase Three, HHS has stated that providers who successfully applied could be paid up to **88 percent of their reported losses and net change in their operating expenses from patient care from the first half of 2020**. Some applicants will not receive a Phase Three payment either because they experienced no change in revenues or net expenses attributable to COVID-19, or because they have already received funds that equal or exceed reimbursement of 88 percent of reported losses.

Overpayments, Returning, and Rejecting Payments

How will HHS assess whether I need to return a payment? How do I know if I've been overpaid?

HHS has also changed its position on overpayments, making it difficult to determine how to calculate whether an overpayment has occurred. **Generally, if providers have left over payments after subtracting the sum of (1) eligible expenses and (2) lost revenue and (3) other assistance received from the sum of their total PRF payment amount, they may need to return funding to HHS.**

However, if providers have expenses and lost revenue attributable to COVID-19 that are equal to or larger than their aggregate PRF payment and other assistance received, they can likely retain the entire amount.

Rejecting a Payment

Recipients may choose to reject any payments received. Additionally, providers that accepted and attested to payments but later wish to reject them can do so and retract their attestation by calling the Provider Support Line at (866) 569-3522. Funds would of course need to be returned if attestation is retracted.

Returning a Payment

There is a two-part process to return funds:

1. Complete an online form via the [Return Unused PRF Funds Portal](#)
2. Transfer the funds via Pay.gov.

Refer to the [instructions for returning unused funds](#) for more information.

Terms & Conditions

In addition to restrictions on how providers may use of funds, what other requirements do group practices need to be aware of?

All recipients receiving payments under the PRF will be required to comply with the [Terms & Conditions](#). Some Terms & Conditions relate to the provider's use of the funds, and thus they apply until the provider has *exhausted* these funds. Other Terms & Conditions apply to a longer time period, for example, regarding maintaining all records pertaining to expenditures under the PRF payment for three years from the date of the final expenditure.

Prohibition against balance billing

Recipients of funds must refrain from "balance billing" certain patients. Specifically, recipients must not balance bill or attempt to collect from the patient any out-of-pocket expenses that are greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network recipient. Patients who cannot be balance billed are those who are: **(1)** Out-of-network and **(2)** have an actual or presumptive case of COVID-19.³

Maintain appropriate records and cost documentation

Providers need to retain original documentation for three years after the date of submission of the final expenditure report, in accordance with 2 CFR 200.333. HHS may request recipients supply copies of records and cost documentation.

Limitation on payment of executive level compensation

PRF money may not be used to pay salaries at a rate in excess of Executive Level II which is currently set at \$197,300. For the purposes of the salary limitation, the direct salary is exclusive of fringe benefits and indirect costs. The limitation only applies to the rate of pay charged to PRF payments and other HHS awards. An organization receiving PRF payments may pay an individual's salary amount in excess of the salary cap using non-federal funds.

Submitting reports on compliance

As discussed below, recipients of funds in excess of certain amounts must comply with reporting requirements dictated by HHS.

³ HHS clarified that: "Not every possible case of COVID-19 is a presumptive case of COVID 19...a presumptive case of COVID-19 is a case where a patient's medical record documentation supports a diagnosis of COVID-19, even if the patient does not have a positive in vitro diagnostic test result in his or her medical record."

Permissible Use of Funds

PRF payments can only be used to prevent, prepare for, and respond to COVID-19 and reimburse providers for (1) healthcare related expenses or (2) lost revenues that are attributable to COVID-19 and (3) not reimbursed from other sources or that other sources are not obligated to reimburse.

Eligible expenses

HHS indicates that expenses paid for with General and Targeted PRF payments must be those that are unreimbursed by other sources and that other sources are not obligated to reimburse. HHS enumerates two categories of eligible expenses:

General and Administrative Expenses Attributable to Coronavirus

- a. **Mortgage/Rent:** Payments related to mortgage or rent for a facility.
- b. **Insurance:** Premiums paid for property, malpractice, business insurance, or other insurance relevant to operations.
- c. **Personnel:** Workforce-related actual expenses paid to prevent, prepare for, or respond to coronavirus during the reporting period, such as workforce training, staffing, temporary employee or contractor payroll, overhead employees, or security personnel.
- d. **Fringe Benefits:** Extra benefits supplementing an employee's salary, which may include hazard pay, travel reimbursement, and employee health insurance.
- e. **Lease Payments:** New equipment or software leases, such as fleet cars and medical equipment that is not purchased and will be returned to the owner.
- f. **Utilities/Operations:** Lighting, cooling/ventilation, cleaning, or additional third-party vendor services not included in the "Personnel" sub-category.
- g. **Other General and Administrative Expenses:** Expenses not captured above that are generally considered part of general and administrative expenses.

Health Care-Related Expenses Attributable to Coronavirus

- a. **Supplies:** Expenses paid for purchase of supplies (e.g., single use or reusable patient care devices, cleaning supplies, office supplies, etc.) used to prevent, prepare for, and/or respond to coronavirus during the reporting period. Such items may include PPE, hand sanitizer, supplies for patient screening, or vaccination administration materials.
- b. **Equipment:** Expenses paid for purchase of equipment, such as ventilators, refrigeration systems for COVID-19 vaccines, or updates to HVAC systems.
- c. **Information Technology (IT):** Expenses paid for IT or interoperability systems to expand or preserve coronavirus care delivery during the reporting period, such as electronic health record licensing fees, telehealth infrastructure, increased bandwidth, and teleworking to support remote workforce.
- d. **Facilities:** Expenses such as lease or purchase of permanent or temporary structures, or to retrofit facilities to accommodate revised patient treatment practices, used to prevent, prepare for, and/or respond to coronavirus during the reporting period.
- e. **Other Health Care-Related Expenses:** Expenses, not previously captured above, that were paid to prevent, prepare for, and/or respond to coronavirus.

Lost revenue

Means "losses associated with fewer outpatient visits, canceled elective procedures or services, or increased uncompensated care." Providers can use PRF payments to cover any cost that the lost revenue otherwise would have covered, so long as that cost prevents, prepares for, or responds to coronavirus. Thus, these costs do not need to be specific to providing care for possible or actual coronavirus patients, but the lost revenue that the payment covers must have been lost due to coronavirus.

Update Jan. 2021: The definition of "lost revenue" has changed over time. Pursuant to legislation signed into law on Dec. 27, 2020 (H.R. 133), Congress instructs HHS to revise its definition of "lost revenue" and return to a definition published in FAQs in June 2020, which allows providers to use "any reasonable method" to calculate lost revenue, including the difference between **budgeted** and actual revenue, if such budget was established and approved prior to March 27, 2020. This is a welcomed change and should give providers more flexibility in how they establish lost revenue.

"Not reimbursed from other sources"

Includes payments received through direct patient billing; reimbursement from payers, such as Medicare, Medicaid, commercial plans, or Medicare Advantage; PRF COVID-19 claims reimbursement; vaccine administration for the uninsured; and SBA Paycheck Protection Program (PPP) or other federal loans/grants.

Note: This means there is no direct ban on accepting a PRF payment AND a PPP payment (for example), so long as the payment from the PRF is used only for permissible purposes and is not used to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.

Timing/use of PRF payments

Originally, the deadline to use the funds was June 30, 2021. Guidance released on June 11, 2021, revised this policy, clarifying that the deadline to use funds is based on the date that payment was originally received. Recipients are required to report for each Payment Received Period in which they received one or more payments exceeding, in the aggregate, \$10,000. View the Important Dates for Reporting chart [here](#).

Reporting Requirements

HRSA maintains a [landing page](#) dedicated to supplying PRF recipients with guidance on reporting requirements. Reporting on healthcare-related expenses attributable to the coronavirus and not reimbursed by other sources depend on how much a group practice received under the PRF.

Reporting guidance has been updated in June 2020, September 2020, November 2020, January 2021, and June 2021, which makes it difficult to track which guidance applies. The following information reflects the most up-to-date memorandum, issued by HHS on June 11, 2021, including the following key updates:

- The PRF Reporting Portal opened for providers to start submitting information on July 1, 2021;
- Recipients who received one or more payments exceeding \$10,000, in the aggregate, during any Payment Received Period are required to report in each applicable Reporting Time Period, as outlined in the table below;
- The deadline to use funds is based on the date the payment is received; and
- Recipients will have a 90-day period to complete reporting following each deadline to use funds, rather than the 30-day reporting period that was originally prescribed; and
- Once the report has been filed, the provider must return any unused funds to the government within 30 calendar days after the end of the applicable Reporting Time Period.

Important Dates for Reporting

	Payment Received Period (Payments Exceeding \$10,000 in Aggregate Received)	Deadline to Use Funds	Reporting Time Period
Period 1	From April 10, 2020 to June 30, 2020	June 30, 2021	July 1 to Sept. 30, 2021
Period 2	From July 1, 2020 to December 31, 2020	Dec. 31, 2021	Jan. 1 to March 31, 2022
Period 3	From Jan. 1, 2021 to June 30, 2021	June 30, 2022	July 1 to Sept. 30, 2022
Period 4	From July 1, 2021 to Dec. 31, 2021	Dec. 31, 2022	Jan. 1 to March 31, 2023

60-Day Grace Period for Reporting Period 1

Following MGMA [advocacy](#) asking HHS Secretary Xavier Becerra to delay the first PRF reporting deadline in light of the surge in COVID-19 cases across the country, **HHS has implemented a 60-day Grace Period for Reporting Period 1 only.** This period allows providers to come into compliance with their PRF reporting requirements should they fail to meet the deadline on Sept. 30, 2021, and allows a 60-day period of enforcement discretion following the first reporting deadline.

Important Details:

- While you will be out of compliance if you do not submit your report by September 30, 2021, recoupment or other enforcement actions will not be initiated during the 60-day grace period, essentially providing recipients with a 60-day period of enforcement discretion.
- The grace period spans from Oct. 1 – Nov. 30, 2021.
- Providers who are able are strongly encouraged to complete their report in the PRF Reporting Portal by Sept. 30, 2021.
- Providers should return unused funds as soon as possible after submitting their report. All unused funds must be returned no later than 30 days after the end of the grace period (Dec. 30, 2021).

Note: There is no change to the Period of Availability or Deadline to Use Funds for the first Payment Received Period.

Reporting Summary and Resources

Reporting overview

Retaining PRF payments requires compliance with the program's Terms & Conditions, which include reporting requirements on certain data elements.

Entities who must report

Recipients of more than \$10,000 in the aggregate during any "Payment Received Period", as indicated above. Groups that **receive \$500,000 or more** in aggregate PRF payments have more extensive reporting requirements.

What must be reported

Healthcare related expenses attributable to coronavirus that another source has not reimbursed and is not obligated to reimburse, which includes General and Administrative (G&A) and/or other healthcare related expenses.

Patient care lost revenues using one of the following options, up to the amount:

1. of the difference between 2019 and 2020 actual patient care revenue; or
2. of the difference between budgeted and actual 2020 patient care revenue, if the 2020 budget was established or approved by March 27⁴; or
3. calculated by "any reasonable method of estimating revenue."⁵

Resources | [Post-Payment Notice of Reporting Requirements \(June 11, 2021\)](#); [Reporting Portal User Guide](#); [Reporting and Auditing FAQ](#); [Lost Revenues Guide](#); [Reporting Resource Guide](#)

Please note: MGMA is unable to provide formal advice or recommendations to members for the purposes of compliance with federal programs. This resource is being shared for informational purposes only and does not constitute legal advice. If your practice needs help complying with the Provider Relief Fund terms & conditions or reporting requirements, we recommend seeking the advice of a financial professional and/or legal counsel, as appropriate.

⁴ The date the CARES Act, which established the PRF, was passed.

⁵ If a recipient wishes to use this alternate methodology for calculating lost revenues, the recipient must submit a description of the methodology, an explanation of why the methodology is reasonable, and establish how the identified lost revenues were in fact a loss attributable to coronavirus, as opposed to a loss caused by any other source. **All recipients seeking to use an alternate methodology face an increased likelihood of an audit by HRSA.** HRSA will notify a recipient if their proposed methodology is not reasonable, including because it does not establish with a reasonable certainty that claimed lost revenues were caused by coronavirus. If HRSA determines that a recipient's proposed alternate methodology is not reasonable, the recipient must resubmit its report within 30 days of notification using either 2019 calendar year actual revenue or 2020 calendar year budgeted revenue to calculate lost revenues attributable to coronavirus.

Audit Requirements

This section only applies if **annual total federal awards expended** are **\$750,000 or more** (note that the single audit requirement is triggered by funds that are expended, not just received, within a given year). Non-federal entities must have a Single Audit conducted in accordance with 45 CFR 75.514 that must be submitted electronically to the [Federal Audit Clearinghouse](#).

Due to longstanding regulations, any organization that receives federal grant funding is required to undergo a **Single Audit** to ensure compliance with the grant's rules and regulations. Funding issued under PRF is catalogued as CFDA 93.498 Provider Relief Fund and CFDA 21.019 Coronavirus Relief Fund.

It is called a Single Audit because it is a standard used by all federal agencies that covers financial statements and records, expenditures and internal controls, as well as requirements specific to the grant itself. The single audit requirement applies to recipients who expend more than \$750,000 in federal dollars in any given year. This requirement may be a new compliance requirement for some PRF recipients. A single audit reviews a targeted funding source for allowable costs incurred within the allowable time period and proper reporting to HHS. A distinction between traditional and single audits is that financial statements and findings (including deficiencies) will be made public as part of the standard process.

These organizations have two options under 45 CFR 75.216(d) and 75.501(i): 1) a financial related audit of the award or awards conducted in accordance with Government Auditing Standards; or 2) an audit in conformance with the requirements of 45 CFR 75 Subpart F. PRF General and Targeted Distribution payments (CFDA 93.498) and Uninsured Testing and Treatment reimbursement payments (CFDA 93.461) must be included in determining whether an audit in accordance with 45 CFR Subpart F is required (i.e., annual total awards received are \$750,000 or more). Audit reports of commercial organizations must be submitted via email to HRSA's Division of Financial Integrity at PRFaudits@hrsa.gov.

Other Important Topics

Tax Treatment

The Internal Revenue Service (IRS) issued [guidance](#) in July 2020 clarifying that PRF payments are considered taxable income for for-profit providers, including physician practices. As a result, group practices who accepted Relief Funds should assess tax consequences and plan accordingly.

Eligible groups will receive a Form 1099 if they received and retained within the calendar year 2020 a total net payment in excess of \$600. These forms will be mailed on Jan. 31, 2021. HHS directs questions on this issue to the Provider Support Line.