hfma
healthcare financial management association

October 23, 2020

Eric Hargan
Deputy Secretary
Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Re: CARES Act Provider Relief Fund (PRF) Compliance Questions

Dear Deputy Secretary Hargan:

On behalf of the Healthcare Financial Management Association's (HFMA's) 56,000 members, I would like to thank you for your team's leadership during the COVID-19 Public Health Emergency (PHE). We greatly appreciate the work HHS's staff has undertaken to quickly distribute CARES Act provider relief funds (PRFs) to caregivers at the frontline who are playing a key role in fighting this pandemic and protecting their communities. The speed with which the agency has moved to distribute funds is both unprecedented and impressive.

While the speed has been impressive, the agency's responsiveness to technical compliance questions about the PRFs presents an opportunity for improvement. HFMA members appreciate the diligent efforts HHS staff have made to update the PRF FAQs and provide answers through the Provider Support Line. However, we are concerned that the reporting requirements released on September 19 conflict with the prior FAQs issued by HHS and do not provide sufficient detail to PRF recipients so that they can ensure they are reporting their expenses and lost revenue attributed to the coronavirus accurately. Furthermore, the requirements deviate from the initial intent of supporting American families, workers and the heroic healthcare providers in the battle against the COVID-19 outbreak.

HFMA is committed to helping its members improve the management of and compliance with the numerous rules and regulations that govern the industry. Therefore, we have convened a task force of HFMA members consisting of accountants who provide audit services to healthcare providers, attorneys, and healthcare finance consultants. Based on their work with hospitals, health systems and physician practices, they have identified key questions related to the September 19 reporting requirements that must be clarified. Given the technical nature of these questions, in addition to identifying them, the task force has also developed suggested clarifications based on their understanding of the CARES Act, Financial Accounting Standards Board (FASB) /Governmental Accounting Standards Board (GASB) accounting standards, the myriad of laws and regulations that govern the healthcare industry and common provider practice. These are included for your review in Attachment 1.

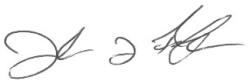
We ask that you and your staff review the issues raised and provide clarifications as quickly as possible. HFMA members are concerned that continued ambiguity on these issues makes it challenging for their organizations to accurately recognize revenue, understand their financial position and communicate that position to capital markets. This ambiguity is impacting staffing decisions (increasing the likelihood

of furloughs and layoffs of caregivers and support staff) and investment decisions (causing many providers to freeze capital projects) and increasing financing costs for both short-term liquidity and long-term capital as investors demand additional higher risk premiums, given the uncertain environment.

Beyond the immediate impact on operations and financial statements, the lack of clarity presents potential compliance issues. While HFMA members are making every effort to provide HHS with accurate data as requested and comply with the terms and conditions as they understand them, the ambiguity increases the risk that well-meaning providers may be found, after the fact, not to have reported data accurately or fully complied based on HHS's data definitions and terms.

We would like to meet with you and your staff to discuss the questions and responses in Attachment 1. My staff will follow up to schedule a conference call. HFMA looks forward to any opportunity to provide additional assistance or comments to HHS to further their efforts to help providers respond to the COVID-19 pandemic, provide HHS the necessary data it needs to coordinate response efforts and comply with the various PRF terms and conditions. As an organization, we take pride in our long history of providing balanced, objective financial technical expertise to Congress, federal agencies and advisory groups. In the meantime, if you have questions, you may reach me or Richard Gundling, Senior Vice President of HFMA's Washington, DC, office, at (202) 296-2920. The Association and I look forward to working with you to provide clarity on these important questions.

Sincerely,



Joseph J. Fifer, FHFMA, CPA
President and Chief Executive Officer
Healthcare Financial Management Association

Cc:
Alexander Azar, Secretary of Health and Human Services

About HFMA

HFMA is the nation's leading membership organization for more than 56,000 healthcare financial management professionals. Our members are widely diverse, employed by hospitals, integrated delivery systems, managed care organizations, ambulatory and long-term care facilities, physician practices, accounting and consulting firms and insurance companies. Members' positions include chief executive officer, chief financial officer, controller, patient accounts manager, accountant and consultant.

HFMA is a nonpartisan professional practice organization. As part of its education, information and professional development services, HFMA develops and promotes ethical, high-quality healthcare finance practices. HFMA works with a broad cross-section of stakeholders to improve the healthcare industry by identifying and bridging gaps in knowledge, best practices and standards.

Attachment 1: Questions Related to HHS's September 19 General and Targeted Distribution Post-Payment Notice of Reporting Requirements

1) Clarifications requested on Step 1 {also noted as item 2 in list of required data elements}, calculating "Expenses Attributable to Coronavirus Not Reimbursed by Other Sources (2020 only)."

   a. *Confirm Definition of Expenses Attributable to Coronavirus Not Reimbursed by Other Sources <u>related to "maintaining healthcare delivery, etc.</u>*: The instructions state, "Expenses attributable to coronavirus may be incurred both in treating confirmed or suspected cases of coronavirus, preparing for possible or actual coronavirus cases, *maintaining healthcare delivery capacity*, etc."

      HFMA members interpret the instructions to mean that PRF recipients are to report all patient care related operating and capital expenses incurred during 2020, which would then be offset by the revenue received from various sources (see request for clarification below). For example, these expenses would include those for the patient accounting department, health information management department and patient food services for a hospital PRF recipient. We ask that HHS confirm that this interpretation is accurate.

      If this interpretation is not accurate, HHS must provide examples of the types of expenses that are both eligible and ineligible for PRF payment related to "maintaining healthcare delivery capacity" and how those expenses should be offset (reduced) by other sources of reimbursement.

   b. <u>*Define Sources of Offsetting Revenue*</u>: The instructions for reporting both General and Administrative and Healthcare Related Expenses Related to Coronavirus describe these expenses as, "The actual G&A (or healthcare related) expenses incurred over and above *what has been reimbursed by other sources*." These are defined as, "(e.g., payments received from insurance and/or patients, and amounts received from federal, state or local governments, etc.)."

      HFMA members ask that HHS clearly define what constitutes "other sources" of reimbursement. Assuming we have correctly interpreted HHS's instructions that reporting COVID-19 expenses for "maintaining healthcare delivery capacity, etc." encompasses all of a PRF recipient's operating and capital expenses related to patient care for 2020, we ask that HHS define "other sources" of reimbursement. HFMA members believe this would include the sources of reimbursement listed in Step 2, calculating "Lost Revenues Attributable to Coronavirus" {also noted as item 3 in list of required data elements} as listed below:

      Revenue from Patient Care Payer Mix (2020)
      - *Medicare Part A+B*: The actual revenues/net charges received from Medicare Part A+B for patient care for the calendar year.
      - *Medicare Part C*: The actual revenues/net charges received from Medicare Part C for patient care for the calendar year.

- *Medicaid*: The actual revenues/net charges received from Medicaid/Children's Health Insurance Program (CHIP) for patient care for the calendar year.
- *Commercial Insurance*: The actual revenues/net charges from commercial payers for patient care for the calendar year.
- *Self-Pay (No Insurance)*: The actual revenues/net charges received from self-pay patients, including the uninsured or individuals without insurance who bear the burden of paying for healthcare themselves, for the calendar year.
- *Other*: The actual gross revenues/net charges from other sources received for patient care services and not included in the list above for the calendar year.

Other Assistance Received (2020)

- *Treasury, Small Business Administration (SBA) and the CARES Act/Paycheck Protection Program (PPP)*: Total amount of coronavirus-related relief received from Treasury, SBA, and CARES Act/PPP by the Reporting Entity as of the reporting period end date.
- *FEMA CARES Act*: Total amount of coronavirus-related relief received from FEMA by the Reporting Entity as of the reporting period end date.
- *CARES Act Testing*: Total amount of relief received from HHS for coronavirus testing-related activities.
- *Local, State, and Tribal Government Assistance*: Total amount of coronavirus-related relief received from other local, state, or tribal government sources by the recipient and its included subsidiaries as of the reporting period end date.
- *Business Insurance*: Paid claims against insurance policies intended to cover losses related to various types of healthcare business interruption as of the reporting period end date.
- *Other Assistance*: Total amount of other federal and/or coronavirus-related assistance received by the recipient and the other taxpayer identification numbers (TINs) included in its report as of the reporting period end date.

c. <u>*Clarify Expenses Included in Calculation of Those Related to Coronavirus*</u>: On pages 3 and 4, the instructions provide a partial list of "General and Administrative Expenses Attributable to Coronavirus" and "Healthcare Related Expenses Attributable to Coronavirus."

- *Other Expenses*: HFMA members note that each category of expenses includes an "other category." We ask that HHS confirm that the following expense categories are included in "other" and have not been explicitly excluded.
    1. *Depreciation*: Amortized capital expenses for property, plant and equipment.
    2. *Financing expense*: Includes increased interest expense for lines of credit or other short-term loans to ensure liquidity, fees for breaching debt covenants and other financing costs.
    3. *Property and Other Taxes*: Taxes and assessments paid to state, local or the federal government based on assessments on property value, number of beds or other non-revenue related taxes.
    4. *Professional Services*: Includes but is not limited to consulting support, financial advisory services, legal services and audit services.

    We also ask that HHS confirm that these expenses should be categorized as general and administrative expenses.

If any of these expense items have been excluded, HFMA members ask that HHS provide an explanation as to why they are not included in the list.

- *Clarify the Meaning of Equipment Expense*: HFMA members believe that "Equipment expenses" classified as "Healthcare Related Expenses Attributable to Coronavirus" means that capital expenditures for coronavirus-related items (e.g., ventilators, updates to HVAC systems, etc.) can be included in "Healthcare Related Expenses Attributable to Coronavirus." Please confirm that this is correct.

  If this is correct, should PRF recipients adjust expenses for 2019 and 2020 to remove depreciation expense from the analysis of Lost Revenues Attributed to Coronavirus?

- *Reconcile Expense Lists Between Steps 1 and 2*: HFMA members note that expenses in Step 1 – expenses attributable to coronavirus are not defined in the same manner as those cataloged on page 5 and 6 related to Step 2 – the calculation of COVID-19-attributed lost revenue. We believe this is an oversight and ask that HHS create one list of expenses for both calculations. If this is not an oversight, we ask that HHS provide a detailed list of expenses for each step and explain the rationale for the differences in the expenses included in each step.

- *Confirm Treatment of Expenses Related to PPE Stockpiles:* PPE is clearly included in supplies expense for "Healthcare Expenses Attributed to Coronavirus." HFMA members ask that HHS confirm it intends for PRF recipients to report the cost of PPE acquired but not yet used. Many PRF recipients are currently accumulating (or have accumulated) significant reserve stockpiles of PPE in anticipation of increased caseloads and/or additional shortages of key PPE. However, under accrual accounting rules, the expenses for accumulating stockpiles of PPE will not be recognized until the PPE is actually used by the provider.

- *Classification of Caregiver Wages and Benefits*: The current list of expense items for "Healthcare Related Expenses Attributable to Coronavirus" does not include personnel expenses or associated fringe benefit expenses. HFMA members assume these crucial expenses should be captured in "General and Administrative Expenses Attributed to Coronavirus." HFMA asks HHS to confirm that this is correct. If it is not correct, we ask HHS to provide clarification on where expenses related to the wages and benefits of caregivers should be reported.

d. *Timing of Payments vs. Application to Expenses*: How are skilled nursing facilities (SNFs) that received targeted distributions for infection control required to apply expenses to each layer of funding? For example, if a SNF incurred infection control expenses in March through July – prior to targeted SNF infection control funding being announced – would the SNFs apply infection control expenses incurred in April to the General Distribution payments to justify those expenses? Or should they apply infection control expenses incurred in April to the

infection control targeted distribution even though that funding was not received until August?

HFMA members believe it was HHS's intent to allow SNFs to apply the specific infection control funds to expenses incurred for infection control, regardless of when those expenses were incurred during the PHE. Therefore, the SNF targeted relief funds for infection control can be applied to infection control expenses incurred prior to the distribution. HFMA members ask HHS to confirm this interpretation.

e. *Confirm Example Calculation of Expenses Attributable to Coronavirus Not Reimbursed by Other Sources (2020 only)*: **Exhibit A** is an illustrative example of a freestanding radiology clinic that leases its office space and equipment. Based on HFMA's understanding of the September 19 PRF reporting requirements (as described above), we have attempted to model the clinic's "Expenses Attributable to Coronavirus Not Reimbursed by Other Sources (2020 only)." We ask that HHS:
   - Confirm that based on HHS's guidelines, this illustrative example is correct.
   - Define the documentation requirements that PRF recipients will be required to submit and maintain to support their filing.

2) Clarifications requested on Step 2 {also noted as item 3 in list of required data elements}, calculating "Lost Revenues Attributable to Coronavirus."

   a. *Normalizing Revenues Between 2019 and 2020*: On June 19, HHS released a frequently asked question defining lost revenue as "any revenue that … a health care provider lost due to coronavirus." It stated that hospitals could "use any reasonable method of estimating the revenue during March and April 2020 compared to the same period had COVID-19 not appeared. For example, if [hospitals had prepared a budget] without taking into account the impact of COVID-19, the estimated lost revenue could be the difference between … budgeted revenue and actual revenue. It also would be reasonable to compare the revenues to the same period last year."

   However, in the instructions released on September 19, HHS will now base this analysis on a calendar year. We appreciate HHS's clarification. However, this change will inappropriately reduce the amount of PRF that recipients will retain as annual increases in payment rates and changes in operations that would have resulted in increased volume will not be factored into the analysis of lost revenues attributed to COVID-19. Additionally, HHS will need to provide guidance to PRF recipients as to how they should treat one-time financial events in their reporting of 2019 and 2020 revenues and expenses.

   - *Provider Rate Increases*: Typically, providers receive annual increases in payment rates from third party payers to compensate them for increases in the year-over-year cost to provide healthcare services. If 2019 results are not "grossed up" to account for annual increases in payment rates, it will artificially (and inappropriately) decrease PRF that providers can claim to replace lost revenue/margin.

If HHS does not revert to the June 19 guidance and allow PRF recipients to use either calendar year 2019 actual performance or 2020 budgeted, it must allow PRF recipients to standardize (gross-up) calendar year 2019 payment rates so that they are "apples-to-apples" comparable to 2020 payment rates. HFMA recommends that if HHS elects to allow providers to gross-up their revenue, they instruct PRF recipients to use an all-payer, case mix and volume-adjusted mechanism.

- *Changes in Operations*: Many PRF recipients have made changes in operations and/or investments in expanded services/capacity that would have increased patient volumes beyond those reflected in their calendar year 2019 financial results. A couple of examples, which are not intended to be exhaustive, include: 1) A skilled nursing facility downsized in 2020 from 200 beds to 100 beds; 2) A hospital opened a new patient tower in 2020 to increase volume. How should the PRF recipient adjust the 2020 numbers for this change so they are comparable to 2019? HFMA recommends that HHS revert to its June 19 guidance and allow PRF recipients to use recipients to use either calendar year 2019 actual performance or 2020 budgeted. It must allow PRF recipients to standardize (gross-up) calendar year 2019 payment rates so that they are "apples-to-apples" comparable to 2020 payment rates.

- *Other Operating Revenue*: The requirements appear to imply that activity considered other-operating revenue (e.g., revenue from a retail pharmacy in the hospital lobby, premium revenue from a health plan owned by a hospital) should not be included in the lost revenue analysis. HFMA members generally agree with this approach.

  Additionally, we ask for clarification of how revenue and expenses related to 340B drugs sold to hospital patients at hospital-owned pharmacies should be treated. Given the revenue and expense is related to the providers' patients, HFMA members believe it should be included in the analysis of lost revenue attributed to COVID-19.

- *Payments Related to Risk-Based Contracts*: It is unclear from HHS's September 19 PRF reporting guidance whether or not providers should include payments from (revenue) or payments to (expenses) payers (e.g. Medicare, commercial insurers, Medicaid) related to risk-based contracts. As an illustrative example, a primary care practice receives $100,000 in risk-sharing revenue from a health plan in calendar year 2019 for participating in a shared savings contract for Medicare Advantage patients. This is a "bonus" payment that is separate from patient care revenue paid on individual claims. Due to increased ED utilization, the primary care practice only receives $50,000 in risk-sharing revenue from participating in the contract in calendar year 2020. Is the risk-sharing revenue in 2019 and 2020 considered patient care revenue?

  The risk-sharing payment represents a "stand ready obligation," not patient care. We recommend that HHS clarifies that, in this example, the $100,000 received in 2019 and $50,000 received in 2020 should be removed from the analysis of lost revenues attributed to coronavirus.

- *Non-Recurring/Settlement Items*: It is not uncommon for PRF recipients, particularly hospitals, to have large one-time settlement payments related to the Medicare program or disputes with other payers. Medicare disproportionate share (DSH) payments – for services provided to qualifying low-income individuals – is one example of the many settlement items that hospitals receive. Medicare DSH revenue is patient care revenue as it is paid on an interim basis on Medicare claims. The portion of the actual amount a hospital should have been paid for a fiscal year is calculated and reconciled when the hospital files its Medicare cost report. This can result in an additional payment from the Medicare program or a payment from the hospital to the Medicare program.

  As an example of how this will impact the calculation of PRF payments a recipient is entitled to retain, one HFMA member has historically not qualified for Medicare DSH payments. However, for the hospital's fiscal year 2019, it qualified for DSH payments when the hospital filed its Medicare cost report in 2020. It did not accrue any revenue in 2019 related to the Medicare DSH program and will receive a large, one-time lump-sum settlement in 2020 as a result of becoming DSH eligible. However, the payment, received in 2020, will be recorded to the hospital's fiscal year 2019. Given the uncertainty created by the coronavirus PHE, it's unlikely the hospital will accrue Medicare DSH revenue in its fiscal year 2020.

  HFMA members believe that in circumstances like this, it would be appropriate for this hospital to remove the Medicare DSH settlement payment from its PRF reporting related to calendar year 2019. Furthermore, if the hospital were historically a DSH hospital and accrued revenue for DSH payments in 2019 and 2020, HFMA members do not believe it is necessary to remove the DSH payments as they would not be a non-recurring item, as they are in this example.

b. <u>*Calendar Year Reporting*</u>: In the September 19 reporting requirements, the calculation of lost revenues/margin attributed to coronavirus appears to be based on a calendar year versus a quarter-by-quarter analysis. Based on the statute and HHS's FAQs, providers initially interpreted that the calculation of expenses and lost revenue attributed to coronavirus would occur on a quarter-by-quarter basis. If HHS does not revert to a quarter by quarter analysis, the following questions will need to be addressed:

- *Non-Calendar Year End Fiscal Years*: If compliance will be required on an annual (or cumulative) basis and a healthcare provider has a non-calendar-year-end fiscal year-end (FYE) (e.g., common FYEs are 6/30 and 9/30), how does HHS recommend the provider prepare the analysis of lost revenues?

  These providers will need to create calendar-year- end financial statements to support this analysis. While this in and of itself is not difficult, HFMA asks HHS to clarify what type of documentation non-calendar-year fiscal-year-end PRF recipients will be asked to provide to support the expenses and revenues reported in both calendar year 2019 and 2020. These providers will not have audited financial statements for the calendar years on which HHS is basing its analysis. Additionally, based on page 2 of the September 19

reporting guidance, if recipients do not expend PRF funds in full by the end of calendar year 2020, they have an additional six months in which to use remaining amounts. What information will PRF recipients need to provide HHS to document that these expenses and lost revenue reported for that six-month period? Providers whose fiscal year-ends are December 31 and September 30 will not have audited financial statements for that period. And providers whose fiscal year ends on June 30 would have audited financial statements but these statements would cover a 12-month period, not just that six-month period.

- *Accounting Basis Clarification:* It is unclear in the expenses attributable to the coronavirus and lost revenue guidance sections what accounting basis should be used. Are providers reporting accrual basis revenues and expenses in accordance with U.S. Generally Acceptable Accounting Principles (GAAP), cash basis, or some hybrid? If GAAP reporting is used, how are differences in timing and amount of recognition between standard setters (e.g., FASB for not-for-profits, FASB for private companies or GASB for governments) to be reconciled?

c. *Lost Revenues Attributable to Coronavirus*: **Exhibit B** is an illustrative example of a freestanding radiology clinic that leases its office space and equipment. Based on HFMA's understanding of the September 19 PRF reporting requirements (as described above), we have attempted to model the clinic's "Lost Revenues Attributable to Coronavirus." We ask that HHS:

i. Confirm that based on HHS's guidelines, this illustrative example is correct.
ii. Define the documentation requirements that PRF recipients will be required to submit and maintain to support their filing.

d. *Summary of PRF Retained by Recipient*: **Exhibit C** is an illustrative example of a freestanding radiology clinic that leases its office space and equipment. Based on HFMA's understanding of the September 19 PRF reporting requirements (as described above), we have attempted to model the amount of PRF the clinic is entitled to retain. We ask that HHS confirm that based on its guidelines, this illustrative example is correct.

3. Clarification of other items in HHS's September 19 guidance/FAQs.

a. *Reporting for Reallocated General Distribution Funds*: HHS's July 22, 2020 FAQs states that a parent organization may allocate PRF General Distribution payments to subsidiaries that do not report income under their parent's employer identification number (EIN). However, HHS's FAQs and the reporting guidance are silent on how the parent organization will substantiate that these funds were used for increased healthcare-related expenses or lost revenue attributable to COVID-19, and that those expenses or losses were not reimbursed from other sources and other sources were not obligated to reimburse them.

For example, as illustrated in Table 1, Main Street Health System (MSHS) is the parent organization of four tax hospital ID numbers under one obligated group. MSHS as a parent

entity did not receive a PRF general distribution but each of its subsidiary TINs did. MSHS, through its subsidiary TINs received an aggregate of $10.5 million in general distribution PRF and no targeted PRF distributions. Each hospital attested for its own general distribution. The system had an aggregate of $10.5 million of expenses and lost revenue attributed to COVID-19. However, the initial allocations of PRF general distributions to the individual TINs did not match the expenses and lost revenue attributed to coronavirus. Therefore, MSHS reallocated the PRF general distribution from its hospital TINs (TIN 1 and TIN 2) that received excess PRF general distribution payments to the TINS (TIN 3 and 4) that received insufficient PRF general distribution payments. Given that each PRF recipient is a separate TIN, how should MSHS link the TINs to report the reallocation of PRF and the related expenses and lost revenues attributed to coronavirus?

Table 1: Main Street Health System – General Distribution Reallocation Example

Main Street Health System	Lost Revenue and Expenses Related to COVID	Initial Allocation of General Distribution Funds	Reallocation	Reallocated General Distribution Funds	Lost Revenue and Expenses Related to COVID-19 Net of Reallocated General Distribution Funds
TIN 1	$ 1,000,000	$ 2,000,000	$ (1,000,000)	$ 1,000,000	$ -
TIN 2	$ 500,000	$ 1,000,000	$ (500,000)	$ 500,000	$ -
TIN 3	$ 5,000,000	$ 4,000,000	$ 1,000,000	$ 5,000,000	$ -
TIN 4	$ 4,000,000	$ 3,500,000	$ 500,000	$ 4,000,000	$ -
MSHS Total	$ 10,500,000	$ 10,500,000	$ -	$ 10,500,000	

HFMA members recommend that HHS, in its reporting system, allow for TINs under a common parent organization (e.g., obligated group) to be linked. Once all TINs report their general distribution PRF received and offsetting expenses and lost revenue attributed to coronavirus, the reporting system can net these amounts at the level of the parent organization to determine if the parent organization received excess PRF.

b. *Subrogation of FEMA Funds*: Currently both FEMA and CARES Act PRF funds claim to be the "payer of last resort" to reimburse healthcare providers for expenses attributable to the coronavirus. HFMA members ask HHS to clarify which funding source has that distinction. Given that Congress appropriated funding to specifically pay for healthcare providers' expenses attributable to the coronavirus, we believe FEMA should be the payer of last resort for these expenses.

c. *Treatment of Compensation in Excess of $197,300*: The PRF terms and agreement state that the funds may not be used to pay for the compensation in-excess of an annual rate of $197,300. HFMA asks HHS to provide additional guidance on what level of documentation must be provided to prove that this offset has been performed to remove excess compensation from the calculation of Expenses Attributable to Coronavirus Not Reimbursed by Other Sources.

HFMA members also assume that compensation in excess of this rate must be removed from both the 2019 and 2020 general and administrative and healthcare-related expenses used to calculate the “year-over-year net patient care operating income” described at the bottom of page 1. HFMA members request that HHS provide confirmation that this is correct. Additionally, HFMA members ask HHS to provide additional guidance on what level of documentation must be provided to prove that this offset has been performed to remove excess compensation from the calculation of Expenses Attributable to Coronavirus Not Reimbursed by Other Sources.

HFMA													
PRF Reporting Instructions													
Sample Modeling - Calculation of Expenses Attibutable to Coronavirus													
Exhibit A													
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total
Revenues													
Medicare Parts A & B	$ 350,000	$ 245,000	$ 70,000	$ -	$ 175,000	$ 210,000	$ 262,500	$ 280,000	$ 315,000	$ 315,000	$ 315,000	$ 315,000	$ 2,852,500
Medicare Advantage (Part C)	$ 200,000	$ 140,000	$ 40,000	$ -	$ 100,000	$ 120,000	$ 150,000	$ 160,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 1,630,000
Medicaid	$ 50,000	$ 35,000	$ 10,000	$ -	$ 25,000	$ 30,000	$ 37,500	$ 40,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 407,500
Commercial Insurance	$ 600,000	$ 420,000	$ 120,000	$ -	$ 300,000	$ 360,000	$ 450,000	$ 480,000	$ 540,000	$ 540,000	$ 540,000	$ 540,000	$ 4,890,000
Self Pay (no insurance)	$ 20,000	$ 14,000	$ 4,000	$ -	$ 10,000	$ 12,000	$ 15,000	$ 16,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 163,000
Other	$ 100,000	$ 70,000	$ 20,000	$ -	$ 50,000	$ 60,000	$ 75,000	$ 80,000	$ 90,000	$ 90,000	$ 90,000	$ 90,000	$ 815,000
Net Patient Care Revenue	$ 1,320,000	$ 924,000	$ 264,000	$ -	$ 660,000	$ 792,000	$ 990,000	$ 1,056,000	$ 1,188,000	$ 1,188,000	$ 1,188,000	$ 1,188,000	$ 10,758,000
Treasury, SBA, or PPP Grants	-	-	-	500,000	500,000	250,000				-	-	-	1,250,000
FEMA	-	-	-	-	-	-	-	-	-	-	-	-	-
CARES Act Testing	-	-	-	-	-	-	-	-	-	-	-	-	-
Local/State/Tribal Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-
Business Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assistance	-	-	-	500,000	500,000	250,000	-	-	-	-	-	-	1,250,000
Total Revenue	1,320,000	924,000	264,000	500,000	1,160,000	1,042,000	990,000	1,056,000	1,188,000	1,188,000	1,188,000	1,188,000	12,008,000
Expenses													
General and Administrative													
Mortgage/Rent	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	3,000,000
Insurance	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,800,000
Personnel	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,200,000
Fringe Benefits	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,200,000
Lease Payments	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,200,000
Utilities/Operations	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	360,000
Other G&A													
Depreciation													
Interest Expense (property, equipment, other)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
Property Taxes													
Professional Services	*10,000*	*10,000*	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
Subtotal	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000	
Healthcare Related Expenses Attributable to COVID													
Supplies	80,000	56,000	16,000	-	40,000	48,000	60,000	64,000	72,000	72,000	72,000	72,000	652,000
Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Information Technology	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000
Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Employees	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	3,600,000
Other Healthcare Related Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	430,000	406,000	366,000	350,000	390,000	398,000	410,000	414,000	422,000	422,000	422,000	422,000	4,852,000
Total Expenses	$ 1,190,000	$ 1,166,000	$ 1,126,000	$ 1,110,000	$ 1,150,000	$ 1,158,000	$ 1,170,000	$ 1,174,000	$ 1,182,000	$ 1,182,000	$ 1,182,000	$ 1,182,000	13,972,000
Net Income	130,000	(242,000)	(862,000)	(1,110,000)	(490,000)	(366,000)	(180,000)	(118,000)	6,000	6,000	6,000	6,000	(3,214,000)
	10%	-26%	-327%	-222%	-42%	-35%	-18%	-11%	1%	1%	1%	1%	-27%

HFMA
PRF Reporting Instructions
Sample Modeling - Lost Revenue/Margin Attributable to COVID-19
Exhibit B

	CY 2020												
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total
Revenues													
Medicare Parts A & B	$ 350,000	$ 245,000	$ 70,000	$ -	$ 175,000	$ 210,000	$ 262,500	$ 280,000	$ 315,000	$ 315,000	$ 315,000	$ 315,000	$ 2,852,500
Medicare Advantage (Part C)	$ 200,000	$ 140,000	$ 40,000	$ -	$ 100,000	$ 120,000	$ 150,000	$ 160,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 1,630,000
Medicaid	$ 50,000	$ 35,000	$ 10,000	$ -	$ 25,000	$ 30,000	$ 37,500	$ 40,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 407,500
Commercial Insurance	$ 600,000	$ 420,000	$ 120,000	$ -	$ 300,000	$ 360,000	$ 450,000	$ 480,000	$ 540,000	$ 540,000	$ 540,000	$ 540,000	$ 4,890,000
Self Pay (no insurance)	$ 20,000	$ 14,000	$ 4,000	$ -	$ 10,000	$ 12,000	$ 15,000	$ 16,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 163,000
Other	$ 100,000	$ 70,000	$ 20,000	$ -	$ 50,000	$ 60,000	$ 75,000	$ 80,000	$ 90,000	$ 90,000	$ 90,000	$ 90,000	$ 815,000
Net Patient Care Revenue	$ 1,320,000	$ 924,000	$ 264,000	$ -	$ 660,000	$ 792,000	$ 990,000	$ 1,056,000	$ 1,188,000	$ 1,188,000	$ 1,188,000	$ 1,188,000	$ 10,758,000
Treasury, SBA, or PPP Grants	-	-	-	500,000	500,000	250,000				-	-	-	1,250,000
FEMA	-	-	-	-	-	-	-	-	-	-	-	-	-
CARES Act Testing	-	-	-	-	-	-	-	-	-	-	-	-	-
Local/State/Tribal Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-
Business Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assistance	-	-	-	500,000	500,000	250,000	-	-	-	-	-	-	1,250,000
Total Revenue	1,320,000	924,000	264,000	500,000	1,160,000	1,042,000	990,000	1,056,000	1,188,000	1,188,000	1,188,000	1,188,000	12,008,000
Expenses													
General and Administrative													
Mortgage/Rent	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	3,000,000
Insurance	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,800,000
Personnel	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,200,000
Fringe Benefits	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,200,000
Lease Payments	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,200,000
Utilities/Operations	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	360,000
Other G&A													
Depreciation													
Interest Expense (property, equipment, other)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
Property Taxes													
Professional Services	*10,000*	*10,000*	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
Subtotal	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000	
Healthcare Related Expenses Attributable to COVID													
Supplies	80,000	56,000	16,000	-	40,000	48,000	60,000	64,000	72,000	72,000	72,000	72,000	652,000
Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Information Technology	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000
Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Employees	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	3,600,000
Other Healthcare Related Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	430,000	406,000	366,000	350,000	390,000	398,000	410,000	414,000	422,000	422,000	422,000	422,000	4,852,000
Total Expenses	$ 1,190,000	$ 1,166,000	$ 1,126,000	$ 1,110,000	$ 1,150,000	$ 1,158,000	$ 1,170,000	$ 1,174,000	$ 1,182,000	$ 1,182,000	$ 1,182,000	$ 1,182,000	13,972,000
Net Income	130,000	(242,000)	(862,000)	(1,110,000)	(490,000)	(366,000)	(180,000)	(118,000)	6,000	6,000	6,000	6,000	(3,214,000)

HFMA	
PRF Reporting Instructions	
Sample Modeling - Summary of PRF Retained by Recipient	
Exhibit C	
PRF Funds Received	
General Distribution	316,800
Targeted Distribution	-
Total PRF Received	316,800
Step One: Expenses Related to COVID-19	3,214,000
Step Two: Lost Revenue/Margin Related to COVID-19	
2019 Margin	1,560,000
2020 Margin	(3,214,000)
Difference	4,774,000
Expenses Related to COVID-19	3,214,000
Net of Expenses Related to COVID-19	1,560,000
Total PRF Eligible to Provider	4,774,000
PRF to Return to US Treasury	-