



Health Care ADVISORY ■

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Provider Relief Fund Audit Season Is Here – Are You Ready?

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On April 26, 2023, the Health Resources & Services Administration (HRSA) Provider Relief Bureau sent letters to a targeted group of Provider Relief Fund (PRF) recipients informing them that HRSA will assess these recipients' use of PRF payments attributed to lost revenues as reported in Reporting Periods 1 through 3. HRSA's main goal is to ensure that PRF recipients attributed payments to lost revenues that are (1) attributable to the coronavirus; and (2) not obligated to be reimbursed by another source. The letter also informed recipients that HRSA will contract with several CPA firms to conduct the assessments, which will include reviews of the recipients' general ledgers, chart of accounts, financial statements, cost reports, and documentation supporting the use of PRF funds and American Rescue Plan Act (ARPA) Rural payments for lost revenues.

Even if your organization did not receive one of these letters, there are several reasons to begin preparing for oversight. First, HRSA intends to contract with several CPA firms to conduct these reviews. This decision all but ensures that HRSA's oversight of PRF will be more extensive than its typical grant oversight procedures.

Second, there are undoubtedly more audits on the horizon. The current lost-revenue audits only address PRF payments received from April 10, 2020 through June 30, 2021. At present, there are nine reporting periods, and many providers received significant PRF and ARPA Rural payments after June 30, 2021, requiring data submissions in Reporting Periods 4 through 9. Relatedly, these audits only address lost revenues attributed to PRF payments, leaving health care-related expenses attributable to the coronavirus still on the table for review.

Third, these are just HRSA's audits. Both the HHS Office of Inspector General and the Pandemic Response Accountability Committee – a committee of the Council of the Inspectors General on Integrity and Efficiency – have oversight capabilities as well; not to forget Congress itself.

In short, these HRSA audits mark the beginning of what will certainly be a broader federal oversight effort, which we expect will only escalate in the coming years. A clean Single Audit may provide some assurance that you are ready for additional scrutiny, but it will not relieve you of additional oversight and does not dismiss the possibility of repayment.

To prepare for federal oversight, we recommend PRF and ARPA Rural recipients consider working with counsel to assess the following concerns:

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- **Health Care-Related Expenses.** Do you have contemporaneous supporting documentation to justify expenses? Can you trace every expense attributable to your PRF or ARPA Rural payment?
- **Lost Revenues.** What is your exposure under the calculation methodologies? Do your calculations match HRSA's definition of revenues?
- **Other Assistance Received.** Were you able to account for every funding source? Did you receive any funding after submitting your PRF reports that may affect your PRF calculations? What steps did you take to ensure that no expenses were counted against more than one funding source?
- **Guidance.** HRSA's guidance on PRF and ARPA Rural has changed numerous times over the last three years. Can you attribute your allocations to a specific guidance? Was that guidance still in effect when you submitted your reports?
- **Other Risk Factors.** Were you a party to a merger, acquisition, or divestiture? Did you transfer Targeted Distribution payments? Are you a high-dollar recipient? Did you utilize the Option iii/alternative reasonable methodology for calculating lost revenues? Did you make changes to prior Reporting Period submissions?

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