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On Thursday, October 22, the U.S. Department of Health and Human Services (HHS) released additional guidance regarding Provider Relief Funds. It is very good news for nursing homes.

In addition to resolving some technical issues, such as accounting methods to use, the guidance changed the criteria regarding revenue decreases. The HHS announced that it will go back to allowing providers to calculate their lost revenue based on the difference between their 2019 and 2020 actual patient care revenue, and eliminate limits on how much PRF payments can be applied to that lost revenue.

HHS noted that previous reporting instructions, which were released in September, were meant to prevent providers from being more profitable in 2020 than in 2019. "This decision to prohibit most providers from using PRF payments to become more profitable than they were pre-pandemic, in order to conserve resources to allocate to providers who were less profitable, has generated significant attention and opposition from many stakeholders and members of Congress," the department wrote in the October memo.

"There is consensus among stakeholders and members of Congress who have reached out to HHS that the PRF should allow a provider to apply PRF payments against all lost revenues without limitation," it explained.

HHS added that the amended reporting instructions should allow providers to fully apply PRF distributions to lost revenues.

Moving the measurement to lost revenue instead of net income, eliminates the punitive effect which the net income approach had for facilities which were able to effectively manage their expenses in-line with their revenue reductions.

We will be providing updates as they occur so please continue to monitor our Economic Relief Resource center (https://www.peasecpa.com/covid-19-resource-center/) for the latest developing information.