

PUBLICATION

HRSA Announces New COVID-19 Relief Funding for Providers and Reporting Grace Period

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On September 10, the Health Resources and Services Administration (HRSA) announced \$25.5 billion in new funding that will be made available to health care providers to reimburse health care related expenses and revenue losses due to COVID-19. HRSA will make \$17 billion available through the Provider Relief Fund (PRF) and \$8.5 billion available to providers that serve rural patients through American Rescue Plan (ARP) funds. Providers will be able to apply for new funding starting September 29, 2021.

HRSA also announced a 60-day grace period for PRF recipients that fail to meet the deadline to submit the first report due on use of PRF payments, which is due on September 30, 2021.

Summary of New Funding Opportunities and Application Process

PRF Phase 4 General Distribution: \$17 Billion

HRSA will issue \$17 billion in new PRF funds through a Phase 4 General Distribution. Details are available on HRSA's [Future Payments](#) webpage. The new distribution follows three previous General Distribution payments under the PRF and several targeted payment distributions. See [here](#) for a detailed breakdown of PRF payments issued to date.

HRSA will issue payments based on providers' lost revenues and changes in operating expenses from July 1, 2020 to March 31, 2021. HRSA will base 75 percent of the Phase 4 payments on revenue losses and COVID-19 related expenses, as follows:

- HRSA will reimburse a higher percentage of lost revenues and expenses for smaller providers, as compared to larger providers.
- Large providers will receive a minimum payment amount for large providers.
- Medium and small providers will receive a supplement on top of a base payment.
- No provider will receive a payment that is higher than their total losses and expenses.

HRSA has not defined what will constitute a small, medium, or large provider, indicating that the agency will determine exact payment amounts after reviewing all applications.

HRSA will allocate the other 25 percent of the Phase 4 funds through bonus payments based on the level of services rendered to Medicaid, CHIP, and Medicare patients. Although the agency has not provided details, HRSA indicates that it will use existing Medicaid/CHIP and Medicare claims data in calculating portions of the payments.

ARP Funding for Providers Serving Rural Patients: \$8.5 Billion

HRSA outlines the details of the ARP Rural Distribution on its [Future Payments](#) webpage. The ARP Act, enacted in March, included \$8.5 billion for rural health care providers to reimburse health care related expenses and lost revenues that are attributable to COVID-19. The funding was separate from, although similar to, the PRF and included language similar to what Congress included in the CARES Act when creating the PRF to describe the application process that HHS should use to issue payments and the allowed and prohibited uses of the funding.

HRSA's announcement indicates that providers will be able to submit applications for both PRF Phase 4 General Distribution payments and ARP Rural Distribution payments at the same time. Providers eligible for ARP Rural Distribution payments include those that serve Medicaid, CHIP, and Medicare patients who live in rural communities. HRSA will issue ARP Rural Distribution payments based on the amount of services furnished to Medicaid/CHIP and Medicare beneficiaries living in Federal Office of Rural Health Policy (FORHP)-defined rural areas. Providers can identify FORHP-defined rural areas using HRSA's [Rural Health Grants Eligibility Analyzer](#).

Eligible Providers and Application Details

HRSA defines a "provider" as "any provider or supplier of health care, services, and support in a medical setting, at home, or in the community." HRSA's PRF [Future Payments](#) webpage includes a non-exhaustive list of the types of entities that meet the definition of "provider."

The application will open on September 29, 2021. HRSA will allow providers to apply for both programs in a single application. Providers should monitor the main [PRF website](#) and [Future Payments](#) webpage for more information.

September 30 Reporting Deadline Grace Period

HRSA has announced flexibility with respect to the September 30, 2021 deadline that certain PRF recipients face to report to HRSA on the use of certain PRF payments. The September 30 deadline applies to funds received during Payment Received Period 1, which includes funds received between April 10, 2020 and June 30, 2020. HRSA is not extending the reporting deadline but acknowledges that some providers are facing challenges given the COVID-19 surges and recent natural disasters. As such, HRSA is offering a 60-day grace period, between October 1 and November 30, 2021, during which HRSA will not initiate recoupment or other enforcement actions against those providers that fail to submit their report by September 30 and are out of compliance. Although HRSA is offering this flexibility, the agency strongly encourages providers that are still able to complete their report by September 30 to do so.

Details surrounding the grace period and reporting requirements for PRF recipients are available on the PRF [Reporting and Auditing](#) webpage.

Baker Donelson continues to monitor coronavirus developments and will provide information on future efforts to provide funding to health care providers. For additional questions, please contact [Sheila P. Burke](#). You may also visit the [Coronavirus \(COVID-19\): Navigating the Path Ahead](#) information page on our website.