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Delta Region Community Health Systems Development Hospital and Clinic Webinar Series - COVID Financial Recovery Part I: How to Keep Your Funding

Speakers:

- Travis Skinner, Director, BKD
- Ally Jackson, Senior Manager, BKD
- Ryan O'Grady, Senior Manager, BKD

This webinar does qualify for ACHE credits, if you are a member of the American College of Healthcare Executives and would like to receive the 1 hour of credit, please reach out to Program Coordinator, [Synneva Hackman](#).



Travis Skinner



Ally Jackson



Ryan O'Grady

This project is supported by the Health Resources and Services Administration ([HRSA](#)) of the U.S. Department of Health and Human Services ([HHS](#)) under grant number U65RH31261, Delta Region Health Systems Development, \$8,000,000 (0% financed with nongovernmental sources). This information or content and conclusions are those of the author and should not be construed as the official position or policy of, nor should any endorsements be inferred by [HRSA](#), [HHS](#) or the U.S. Government.



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Delta Region Community Health System Development (DRCHSD)

Program Supported By:



Delta Regional Authority

U.S. Department of Health & Human Services



HRSA

Federal Office of Rural Health Policy

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Telehealth Billing and Coding Guidance

- [DRCHSD Medicare and Medicaid State-Specific COVID-19 Telehealth Billing and Coding Guidelines Resource](#)
- As a reminder, the DRCHSD program developed webinars and resource tools outlining Medicare and State Medicaid telehealth and virtual communication billing and coding guidelines. These resources outline the specific Medicare and State Medicaid telehealth and virtual communication billing guidelines to include the following data elements:
 - Links to Medicare COVID-19 billing source documents
 - Links to State Medicaid COVID-19 billing source documents
 - CPT or HCPCS codes
 - ICD-10-CM diagnosis codes
 - Documentation requirements
 - Modifiers
 - CMS-1500 claim place of service (POS) codes
 - UB-04 claim revenue code(s)
 - Eligible providers
 - Eligible telehealth or virtual communication service(s)
- [DRCHSD Hospital / Clinic Technical Assistance \(TA\) Webinar: State-Specific Medicaid Coding and Billing Updates for Arkansas, Mississippi, and Louisiana](#)
- [DRCHSD Hospital / Clinic Technical Assistance \(TA\) Webinar: State-Specific Medicaid Coding and Billing Updates for Illinois, Missouri, Kentucky, and Tennessee](#)
- [DRCHSD Hospital / Clinic Technical Assistance Webinar: CMS Loosens Restrictions on RHC Telemedicine Services – COVID-19 Updates and Cost Report Impact](#)
- If you need additional support with telehealth coding and billing, please contact Kate Stenehjem at kstenehjem@ruralcenter.org or 218-216-7038



COVID Recovery Series

Financial Recovery Part 1: How to Keep your Funding

7.17.2020



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Agenda

1

Preparing for a Single Audit

2

Defining Lost Revenue and Expenses

3

COVID-19 Tracking Tool

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Speakers

1 Ally Jackson

2 Travis Skinner

3 Ryan O'Grady

Eric Rogers (Facilitator)

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Preparing for a Single Audit

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New Federal Awards Subject to Single Audit*

- [Provider Relief Fund](#) – CFDA 93.498
- [COVID-19 Telehealth Program](#) – CFDA 32.006**
- [COVID-19 Testing for the Uninsured](#) – CFDA 93.461
- [Emergency Grants to Address Mental and Substance Use Disorders During COVID-19](#) – CFDA 93.665
- [COVID-19 Testing for Rural Health Clinics](#) – CFDA 93.697

* As of July 14, 2020

** beta.sam.gov currently states program is not subject to single audit, but we have been informed that is an error

Single Audit Applicability

- A non-Federal entity that expends \$750,000 or more in Federal awards during the entity's fiscal year is required to obtain a single audit
- Federal award may be received directly from a Federal awarding agency or indirectly from a pass-through entity
- Amount expended may be reported on cash or accrual basis

Defining the Entity to Be Audited

- Audit covering the entire operations of auditee, or
- At the option of auditee, audit of each organizational unit that expended Federal awards during the audit period
 - Each audit must include the financial statements and schedule of expenditures of Federal awards for the organizational unit
 - Example: A skilled nursing facility (SNF) that consolidates into a health system for financial reporting received over \$750,000 of Provider Relief Funds. If the SNF has a stand-alone financial statement audit, the Single Audit can be conducted at the SNF level. If the SNF does not have a separate financial statement audit, the health system's Single Audit must cover the SNF's expenditures of Federal awards.

Objectives of a Single Audit

One audit

- Opinion on the financial statements & schedule of expenditures of federal awards in relation to financial statements
- Opinion on whether federal assistance is being managed and controlled appropriately and used in accordance with regulations

Auditee Responsibilities

- Maintain a sufficient financial management system
- Establish and maintain effective internal control over Federal awards
- Procure a high-quality audit
- Prepare financial statements and SEFA
- Provide auditor with access to personnel and records
- Promptly follow up and take corrective action on audit findings
- Ensure single audit is properly performed and submitted when due

Compliance Requirements

- **Testing requirements for new Federal awards in response to COVID-19 have not been communicated by HHS yet**
- Cost Principles – Be mindful about “double-dipping”
- Cash Management – Minimize the time elapsing between receipt and disbursement of Federal funds
- Procurement – Uniform Guidance establishes allowable methods based on the dollar amount of purchases

Tips and Resources

- Gather and summarize grant information
- Review written policies and procedures
- Discuss nature and scope of single audit with auditor

[COVID-19 Funding Compliance: Preparing for Your First Single Audit Encore Presentation](#)



Defining Lost Revenue and Expenses

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Per the June 2 FAQ - the term “healthcare-related expenses attributable to coronavirus” includes:



Supplies used to provide healthcare services for possible or actual COVID-19 patients



Equipment used to provide healthcare services for possible or actual COVID-19 patients



Workforce training



Reporting COVID-19 test results to federal, state or local governments



Developing & staffing emergency operation centers



Building or constructing temporary structures to expand capacity for COVID-19 patient care or to provide healthcare services to non-COVID-19 patients in a separate area from where COVID-19 patients are being treated



Acquiring additional resources, including facilities, equipment, supplies, healthcare practices, staffing & technology to expand or preserve care delivery

**Per CARES Act Provider Relief Fund Frequently Asked Questions pdf.*

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The term ‘lost revenues that are attributable to coronavirus’ means any revenue that you as a healthcare provider **LOST due to coronavirus. This may include:**



Revenue losses associated with fewer OP visits



Revenue losses due to cancelations of elective procedures/services



Increased uncompensated care

**Per CARES Act Provider Relief Fund Frequently Asked Questions pdf.*

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What is the definition of Executive Level II pay level, as referenced in the Terms & Conditions?

- The Terms & Conditions state that none of the funds appropriated in this title shall be used to pay the salary of an individual, through a grant or other mechanism, at a rate in excess of Executive Level II. The salary limitation is based upon the Executive Level II of the Federal Executive Pay Scale. Effective January 5, 2020, the Executive Level II salary is \$197,300. For the purposes of the salary limitation, the direct salary is exclusive of fringe benefits & indirect costs.

**Per CARES Act Provider Relief Fund Frequently Asked Questions pdf.*

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COVID-19 Tracking Tool

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COVID-19 Funds Tracking Framework



Reconcile receipt of funds to expected funds

Develop policy & procedures for financial accounting of funds

Identify & track expenses & supporting documentation

Identify & track “lost revenue” & supporting documentation

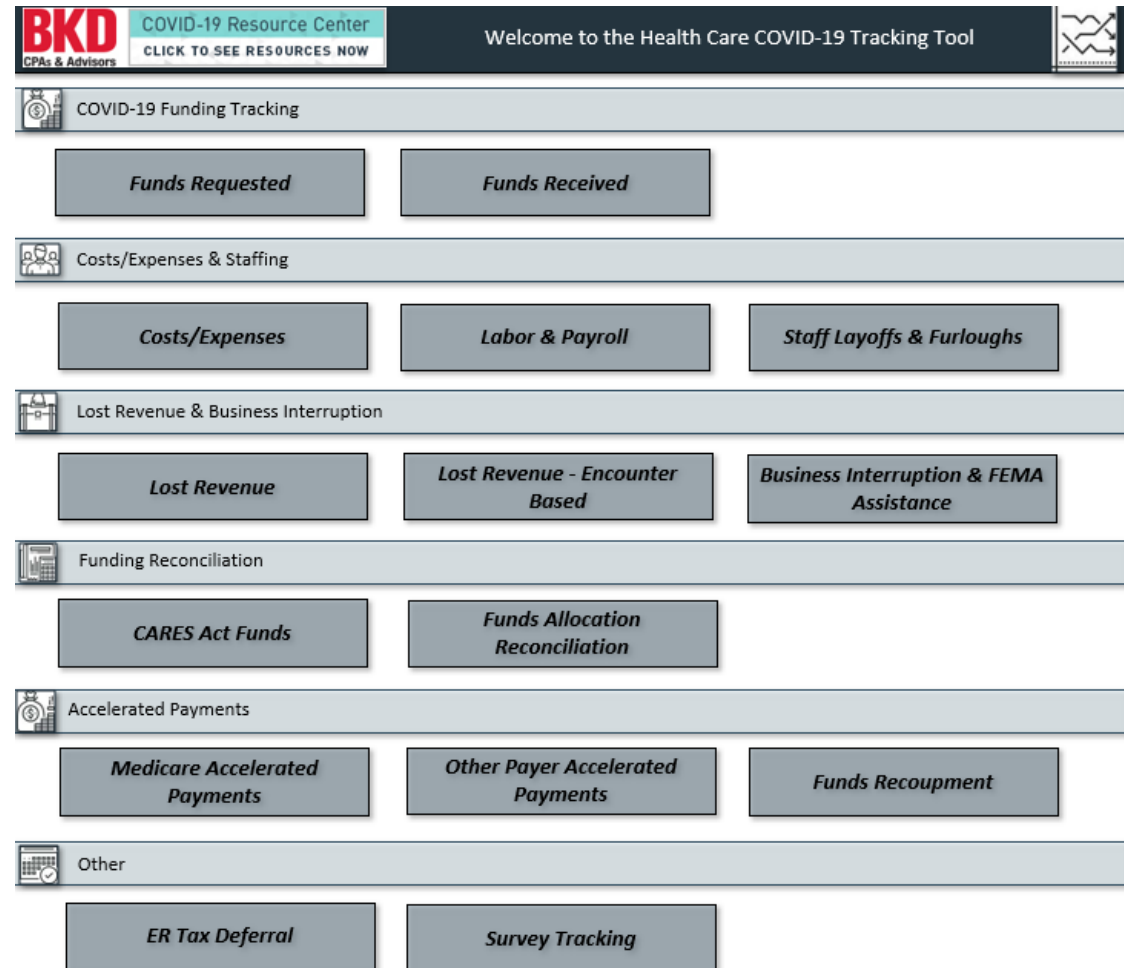
Develop reporting mechanisms

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BKD COVID-19 Funds Tracker

- Electronic tool for healthcare entities
 - Provides the necessary framework
 - Serves as a repository of data for future reporting
- Customizable based on client needs
- BKD resources available to support



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Funds Received

- Important to accumulate all funding sources received
- Review Terms & Conditions; Reporting requirements
- Document attestation of funds
- Easily add additional funding sources specific to Organization, as needed

Funds Received				See Disclaimer								NOTE: Some standard 'Terms & Conditions' of this tool. As additional funding sources are added, the tool will generate a "CREATE....." link to the applicable funding source. See HHS Terms & Conditions
<div>Close/Hide</div>												

Identify & track expenses

- Important to create COVID cost code in GL to “dump” expenses for review
- Tool serves as a repository of data for future reporting/compliance needs
- Allocate allowable expenditures to specific funding sources

Costs/Expenses		See Disclaimer													
Close/Hide	NOTE: Please review individual grant award agreements, or other relevant information, to determine the appropriate Federal, State, or grant/funding specific cost principles associated with each funding source. A link to the Federal cost principles has been provided below:														
	Federal Cost Principles	2 CFR 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT										TOTALS	\$	551,500.00	\$
													Expense Amt		
Location	Document Type	Category	Sub-Category	Invoice Num	GL Account #	Paid Date	Check #	Vendor	Description	Funding Source	New	Extra	Notes		
Division A / NY / Hospital ABC	Invoice	Supply	Testing supplies	XXX123	6000-1000	3/20/2020	XXXX	Vendor X	COVID supplies	CARES Act \$30 Billion		\$	300,000.00		
Division A / NY / Hospital ABC	General Ledger	Supply	Personal Protective Equipment	XXX1234	6000-2000	3/21/2020	XXXX	Vendor X	COVID supplies	CARES Act \$20 Billion		\$	100,000.00		
Division A / NY / Hospital ABC	Invoice	Capital	Expanding Telemedicine operations	XXX12345	1650-2000	3/31/2020	XXXX	Vendor Y	Telehealth equipment	Fed Grant 1	\$	50,000.00			
Division A / NY / Hospital ABC	Invoice	Capital	Constructing/Retrofitting areas to treat COVID-19 patients	XXX123456	1651-1000	4/1/2020	XXXX	Vendor Z	Build out of COVID unit	CARES Act \$30 Billion	\$	500,000.00			
Division A / NY / Hospital ABC	General Ledger	Other	Rent	XXX1235	6500-3000	4/1/2020	XXXX	Vendor Z	Rent for ABC clinic	Payroll Protection Program	\$	1,500.00			

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Identify & track expenses, continued

- Allocate allowable salary & benefits to multiple funding sources
- Track Executive Level II pay limit

[illegible]

Lost Revenue

- Establish policy on how to calculate lost revenue
 - Macro vs. micro analysis
- Additional guidance expected
- Monitor [HHS FAQs](#)

						TOTALS	20,667	16,000	\$ (4,104,166.67)	9,000	\$ (10,354,166.67)
Location	Department	Stats to Monitor	Baseline Encounter Totals	Baseline Adjustments **	Baseline Range	Expected Payment per Encounter	Monthly Encounter Baseline	Mar-20	Mar-20 Diff	Apr-20	Apr-20 Diff
Division A / NY / Hospital ABC	Outpatient Clinic	Clinic visits	50,000	(5,000)	3/1/2019-2/29/2020	\$ 250.00	3,750	3,000	\$ (187,500.00)	2,000	\$ (437,500.00)
Division A / NY / Hospital ABC	Emergency	Admissions by service line	100,000		3/1/2019-2/29/2020	\$ 1,000.00	8,333	6,000	\$ (2,333,333.33)	4,000	\$ (4,333,333.33)
Division A / NY / Hospital ABC	Surgery	Procedures (labs/surgeries, etc)	50,000		3/1/2019-2/29/2020	\$ 1,000.00	4,167	3,500	\$ (666,666.67)	1,500	\$ (2,666,666.67)
Division B / NY / Hospital 123	Surgery	Admissions by service line	26,500		9/1/2019 - 2/29/2020	\$ 1,000.00	4,417	3,500	\$ (916,666.67)	1,500	\$ (2,916,666.67)
							-		\$ -		\$ -
							-		\$ -		\$ -

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BKD COVID-19 Funds Tracker

- Developing mechanism for (unknown) reporting requirements
- Accumulate costs, lost revenues for each funding source and compare to total funds received

Funds Allocation Reconciliation		See Disclaimer							
Close/Hide		<p>** Lost revenues will need to be manually inputted into respective cells based on entity's determination of Lost Revenue due the judgement involved in determining Lost Revenue support. See <i>Lost Revenue</i> & <i>Lost Revenue - Encounter Based</i> tabs for suggested methods; however, management may need to consider other factors as well.</p>							
TOTALS		\$ 11,625.00	\$ 4,700.50	\$ 951,500.00	\$ 967,825.50	\$ 13,000,000.00	\$ 13,967,825.50	\$ 16,635,000.00	\$ 2,667,174.50
Location	Funding Source	Payroll Costs	Employee Benefits	Cost & Expenses	Total Expenses	Lost Revenue **	Lost Revenue + Expenses	Funds Received	Under (Over) Allocated
Division A / NY / Hospital ABC	Payroll Protection Program	\$ 625.00	\$ 276.50	\$ 1,500.00	\$ 2,401.50		\$ 2,401.50	\$ 2,000,000.00	\$ 1,997,598.50
Division A / NY / Hospital ABC	Fed Grant 1	\$ -	\$ 1,382.50	\$ 50,000.00	\$ 51,382.50		\$ 51,382.50	\$ -	\$ (51,382.50)
Division B / NY / Hospital 123	Fed Grant 1	\$ 6,000.00	\$ 1,659.00	\$ -	\$ 7,659.00		\$ 7,659.00	\$ -	\$ (7,659.00)
Division A / NY / Hospital ABC	CARES Act \$30 Billion	\$ -	\$ -	\$ 800,000.00	\$ 800,000.00	\$ 9,000,000.00	\$ 9,800,000.00	\$ 11,625,000.00	\$ 1,825,000.00
Division A / NY / Hospital ABC	CARES Act \$20 Billion	\$ 5,000.00	\$ 1,382.50	\$ 100,000.00	\$ 106,382.50	\$ 4,000,000.00	\$ 4,106,382.50	\$ 3,010,000.00	\$ (1,096,382.50)
		\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -

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Thank You!

For questions please contact Eric Rogers at
erogers@bkd.com

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DRCHSD COVID 5-Part Financial Recovery Webinar Series with BKD

- [Part I: Financial I - How to keep your funding](#)
Friday, July 17, 2020 at 11:00am CST
- [Part II: Financial II - Current Funding Guidance and Cost Report Implications](#)
Friday, July 24, 2020 at 11:00am CST
- [Part III: Operational Considerations](#)
Friday, July 31, 2020 at 11:00am CST
- [Part IV: Revenue Cycle Strategies](#)
Friday, August 7, 2020 at 11:00am CST
- [Part V: Physician Practice Considerations](#)
Friday, August 14, 2020 at 11:00am CST

