

# MaherDuessel

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## Updates – PRF, ODP- ARPA & MORE!

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PEGGY JO REVAY

JULY 20, 2022



# Agenda

“Don’t ever let your business get ahead of the financial side of your business. Accounting, accounting, accounting. Know your numbers.”

Tilman J. Fertitta

PPP - Paycheck Protection Program

PRF - Provider Relief Fund

ARPA - American Rescue Plan Act

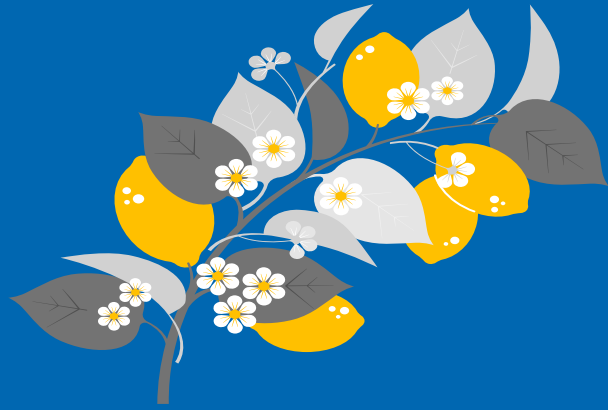
APA - Alternative Payment Arrangements

Bonus Information

## ***Live Content Slide***

*When playing as a slideshow, this slide will display live content*

**Poll: Did your organization receive a PPP loan?**



## PPP Loan- Two most common accounting methods

“Until one has loved an animal, a part of one's soul remains unawakened.” - Anatole France



# Accounting for PPP Loans as Debt

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- ❑ Follow ASC 470 and recognize any amount forgiven as a gain on extinguishment of debt
- ❑ Forgiveness means legal release for derecognition
- ❑ Application for forgiveness is not legal release, legal release is
- ❑ Likely mismatch of expenses and forgiveness between periods
  - Matching principle not mandatory in U.S. GAAP

# Disclosures – Debt Model

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- ❑ No specific disclosure requirements that would differ from any other debt instrument
- ❑ Disclose general information
  - Amount borrowed
  - Interest rate
  - Repayment terms
  - Maturity
  - Outstanding at year-end
- ❑ May elect to add additional information

# Accounting for PPP Loans as Government Grants

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- ❑ Follow ASC 958-605 and recognize a contribution when conditions are met
- ❑ Not permitted to apply a probability assessment when determining whether a barrier has been met
- ❑ Barriers must be substantially met or explicitly waived

# Disclosures – Conditional Contribution Model

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- ❑ No specific disclosure requirements that would differ from any other debt instrument
  
- ❑ Disclose general information
  - Amount borrowed
  - Interest rate
  - Repayment terms
  - Maturity
  - Outstanding at year-end
  - Intention of forgiveness



# PPP on Form 990

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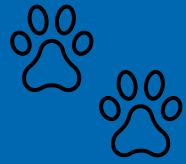
- Form 990 instructions
  - Record contribution in year forgiven
  - PPP loans are not taxable

# PPP Forgiveness Statistics as of July 5

Total PPP volume	11.4M	\$788B
Applications for Forgiveness	10.3M	\$744B
Forgiven	10.2M	\$741B
Applications not yet received	1.1M	\$44B

Source: [SBA.gov](https://www.sba.gov)

- Overall, 90% of all PPP loans have submitted forgiveness applications (94% of total loan value)
- 2021 loans: 84% of loans have been forgiven (88% of total loan value)
- 2020 loans: 97% of loans have been forgiven (97% of loan value)



# Provider Relief Fund and American Rescue Plan Rural Distribution

“If you want others to be  
happy, practice compassion.  
If you want to be happy,  
practice compassion” – Dalai  
Lama



***Live Content Slide***

*When playing as a slideshow, this slide will display live content*

**Poll: Did your organization receive PRF payments?**

# CARES Act Funding for Medicaid and CHIP Providers

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- ❑ May be used for health-related expenses purchased to prevent, prepare for, and respond to coronavirus
  - Supplies (masks, gowns, cleaning agents)
  - Equipment ( HVAC systems, ventilators, etc.)
  - Information technology (Telehealth software and hardware, improved internet for remote working or new electronic medical records modules to support patient care)

# CARES Act Funding for Medicaid and CHIP Providers

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- Facilities (temporary expansion, retrofits for improved infection control)
- Mortgage Rent (rent for a clinical setting, medical office building)
- Insurance (property, malpractice, or other business insurance)
- Personnel (direct employee expenses for staff such as nurses, contractor payroll administrators, or support personnel)

# CARES Act Funding for Medicaid and CHIP Providers Be Careful!

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- ❑ Fringe benefits (employee health insurance, childcare assistance, transportation, temporary housing, overtime pay, hiring bonuses, hazard pay, or recruitment and retention payments to expand or maintain patient / clinic care capacity)
- ❑ Utilities/operations (HVAC services, environmental services for cleaning, or food and nutrition services)

# CARES Act Funding for Medicaid and CHIP Providers

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- ❑ Lost revenue- relates to patient care methods:
  - Option 1: Difference between actual patient care revenues using 2019 as base calculated quarterly
  - Option 2: Difference between budgeted and actual patient care revenues using 2020 and 2021 budgeted vs actual revenue calculated quarterly
  - Option 3: Any reasonable method calculated on a quarterly basis



# Be Careful!

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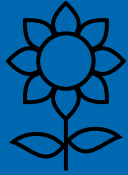
OMB Memo M-20-26, addresses double dipping

- “...payroll costs paid with the Paycheck Protection Program (PPP) loans or any other Federal CARES Act programs must not be also charged to current Federal awards as it would result in the Federal government paying for the same expenditures twice”

# Financial Statement Presentation-NPO

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- ❑ Will follow FASB 958-605 – this is a conditional grant.
  - Has right of return
  - Barrier is allowable expense or lost revenue
  
- ❑ Outstanding liability is a refundable advance



# Reporting PRF

“You must be the change you wish to see in the world.”  
— Mahatma Gandhi

	Payment Received Period (Payments Exceeding \$10,000 in Aggregate Received)	Period of Availability	PRF Portal Reporting Time Period	Fiscal Year Ends (FYE) to include each PRF Period on the Schedule of Expenditures for Federal Awards (SEFA) Reporting
Period 1	April 10, 2020 to June 30, 2020	January 1, 2020 to June 30, 2021	July 1, 2021 to September 30, 2021	Fiscal Year End (FYE) of June 30, 2021 through June 29, 2022
Period 2	July 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2021	January 1, 2022 to March 31, 2022	FYEs of December 31, 2021 through FYEs December 30, 2022.
Period 3	January 1, 2021 to June 30, 2021	January 1, 2020 to June 30, 2022	July 1, 2022 to September 30, 2022	FYEs of June 30, 2022 through June 29, 2023
Period 4	July 1, 2021 to December 31, 2021	January 1, 2020 to December 31, 2022	January 1, 2023 to March 31, 2023	FYEs of December 31, 2022 through FYEs June 29, 2023.
Period 5	January 1, 2022 to June 30, 2022	January 1, 2020 to June 30, 2023	July 1, 2023 to September 30, 2023	FYEs of June 30, 2023, guidance will be included in 2023 Compliance Supplement

Summary of SEFA Reporting of DDE for Fiscal Year Ends (FYE) Covered by the 2022



## Missed a deadline?

“Let no man pull you low enough to hate him” –  
Martin L. King Jr.

- ❑ The deadline to submit a request for RP1 and RP2 have now passed
- ❑ If you submitted a request to report late you will get a notification from HRSA of approval/denial
- ❑ Failure to report results in noncompliance
  - Return of funds\*
- ❑ Go to [www.hrsa.gov/provider-relief/](http://www.hrsa.gov/provider-relief/) reporting- auditing

# CFDA/ Assistance Listing # 93.498

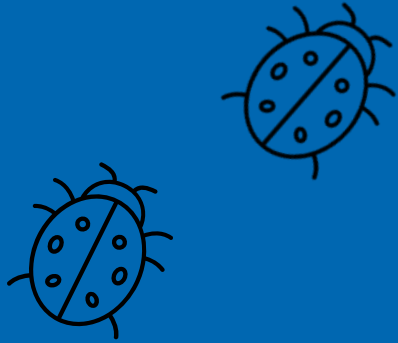
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A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	N	N	N	Y	N	N

# Special Reporting

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- ❑ The PRF reporting portal was launched on July 1, 2021
- ❑ Auditors are expected to test this special reporting for fiscal years ending on or after June 30, 2021
- ❑ Auditors should consider delaying the commencement of the compliance audit of the PRF program until recipients have completed the PRF report
  - The auditor is not responsible for determining the reasonableness of the alternative method described in the narrative



- ODP
  - Rates
  - Initiatives



## ODP - ARPA

“You only live once, but if you do it right, once is enough.”

— Mae West

***Live Content Slide***

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**Poll: Does your organization receive funding through ODP?**



# Rate Increases

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The effective dates for the final rates are as follows:

- ❑ **July 1, 2021:** Fee Schedule Rates and Department-Established Fees for the majority of services funded through the Adult Autism Waiver
- ❑ **January 1, 2022:** Fee Schedule Rates for the majority of services funded through the Consolidated, Community Living and P/FDS Waivers and Base-Funded Program
- ❑ **March 1, 2022:** Fee Schedule Rates for Agency With Choice Financial Management Services

# Rate Enhancements

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The temporary increases to the Fee Schedule Rates for direct Community Participation Support and Transportation Trip will remain in effect until six months after the expiration of the federal COVID-19 public health emergency

# ARPA- Recruitment, Retention and COVID-19 Related Staff Expenses

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- ❑ Utilize from April 1, 2021 through March 31, 2022
- ❑ ODP has stated payments for this initiative are considered vendor payments – we have email support
- ❑ Purpose is to cover COVID-19 related expenses for high staff vacancy and turnover rates
  - Hazard pay, recruitment efforts, sign-on bonuses, retention bonuses or other incentive
  - FICA or any other employer costs related to employee costs? I think that's an accounting question ( ODP Briefing 12/7/21)

# ARPA- Recruitment, Retention and COVID-19 Related Staff Expenses

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- ❑ Does money need to be repaid? If not used, yes.
  - Refundable advance

# ARPA – Staff Training, Credentialing and Business Associates Programs for Employment

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- ❑ Funding is to be used for training activities as specified in ODP Announcement 22-031 as updated
- ❑ Funds must be expended by October 31, 2023
- ❑ Per FAQs dated April 4, 2022, section V. #3 payments for this initiative will be considered subrecipient, federal, and subject to single audit

# ARPA – Staff Training, Credentialing and Business Associates Programs for Employment

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- ❑ Reimbursement basis program but may submit for up to two progress payments

# ARPA – One Time Payment to Provide Funding for Technology that Enhances the Provision of Home and Community Based Services

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- ❑ Funding is to be used to enhance, expand, or strengthen HCBS beyond what is available under the Medicaid program
- ❑ See list of allowable expenses in ODP Announcement 22-043
- ❑ Reimbursement basis, can request a progress payment
- ❑ Spend by October 31, 2023



## Alternative Payment Arrangements

“If you could kick the person  
in in the pants responsible  
for most of your trouble, you  
wouldn’t sit for a month” –  
Theodore Roosevelt

APA continued in fiscal year 21-22

Reconciled to actual claims

MCOs also made a “bridge” payment to  
stabilize service provider’s workforce





## Bonus information

“Maybe it’s not too late to  
learn how to love and forget  
how to hate” – Ozzy  
Osbourne



CPEA special report on ERC



Pa Budget



Prudent Pay



## Bonus information

“Keep calm, this is the end of  
my presentation.”



Services added to the HCBS  
waiver



OVR rates

# Questions? Contact me!

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Peggy Jo Revay  
Senior Manager  
[prevay@md-cpas.com](mailto:prevay@md-cpas.com)