



October 1, 2020

Issue

The U.S. Department of Health and Human Services (HHS) has drastically changed the definition of “lost revenue” for purposes of applying Provider Relief Fund (PRF) dollars. New guidance released on September 19 severely restricts how hospitals may direct PRF dollars, and may require hospitals—especially those in rural areas and serving vulnerable communities—to return critically-needed funds. Additionally, the sudden change may present significant challenges for planning and budgeting, as well as for accounting, auditing and bond rating purposes.

HHS [guidance issued in June](#) defines “lost revenue” as “any revenue that [providers] lost due to coronavirus,” whereas [September 19 guidance](#) defines the “lost revenue” as a negative change in year-over-year net patient care operating income.

Action Requested

Please contact your federal representatives in the U.S. House and Senate and ask them to contact the White House and HHS and urge them to reinstate the June 2020 COVID-19 PRF reporting requirements. Please share specific examples of how your hospital will be affected by HHS' drastic change in definition of “lost revenues.” It is especially important to contact Republican Representatives.

To find your representative's contact information click [here](#). Contact information for Senators Dick Durbin and Tammy Duckworth may be found [here](#). Please email a copy of your correspondence to IHA.

Background

- In June, HHS release PRF reporting requirements that defined both expenses and lost revenues attributable to COVID-19. The [June guidance](#) stated that “the term ‘lost revenue’ means any revenue that you as a healthcare provider lost due to coronavirus. This may include revenue losses associated with fewer outpatient visits, canceled elective procedures or services, or increased uncompensated care.”

It further stated that “a reasonable method of estimating the revenue during March and April compared to the same period had COVID-19 not appeared. For example, if you have a budget prepared without taking into account the impact of COVID-19, the estimated lost revenue could be the difference between your budgeted revenue and actual revenue. It would also be reasonable to compare the revenues to the same period last year.”

- On September 19, HHS released [guidance](#) (IHA memo available [here](#)) that provides a drastically different definition of “lost revenues.” The September guidance states that “lost revenue” is represented as a negative change in year-over-year net patient care operating income (i.e., patient care revenue less patient care related expenses). This definition changes from one that applies to revenue, to one that looks at net income.

For an infographic illustrating why federal relief funds are critical to Illinois hospitals and health systems, please click [here](#). In addition to funds already appropriated to and distributed by the PRF, IHA is [urging](#) Congress to provide additional funding for hospitals to assist with the extraordinary expenses and lost revenues due to the pandemic.

For AHA members, an AHA Action Alert is available [here](#), and a September 25 AHA [letter](#) to HHS is available [here](#).

Questions:

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