

September 2, 2020

**ILLINOIS HEALTH AND HOSPITAL ASSOCIATION
M E M O R A N D U M**

SUBJECT: Guidance on COVID-19 Funds and Medicare Cost Reporting

On Aug. 26, the Centers for Medicare & Medicaid Services (CMS) updated [COVID-19 Frequently Asked Questions](#) specific to cost reporting. CMS guidance now states hospitals should *not* report Provider Relief Fund (PRF) payments and Small Business Administration (SBA) Paycheck Protection Program (PPP) loan forgiveness payments as offsets to expenses on the Medicare cost report. Additional details pertaining to both programs are below.

PRF Payments

PRF payments should not offset expenses on the Medicare cost report, regardless of whether PRF payments are used for direct COVID-19 patient care or to make up for lost revenue. Providers must adhere to guidance from the Health Resources and Services Administration (HRSA) regarding permissible uses of PRF payments. Additional information on the terms and conditions of accepting and using PRF payments is [here](#).

Providers must report aggregate PRF payments on the cost report's statement of revenues for informational purposes. Providers must identify the revenue amount as COVID-19 PHE PRF. Provider-specific form instructions are on page 99 of the FAQs.

PRF Uninsured Program

Subsection (d) hospitals should not report charges reimbursed through the PRF Uninsured Program for uninsured COVID-19 patients on the cost report worksheet S-10.

SBA PPP Funds

Forgiven SBA loan amounts should not offset expenses on the Medicare cost report. SBA loan recipients must adhere to the terms and conditions of SBA loan forgiveness, ensuring use of funds for eligible expenses. Additional information on SBA loans and loan forgiveness is [here](#) and [here](#).

If a provider receives full or partial forgiveness for their SBA PPP loan, the provider must report the aggregate forgiven amount on the cost report's statement of revenues for informational purposes. Provider-specific form instructions mirror the PRF reporting instructions found on page 99 of the FAQs.

If a provider does not receive forgiveness for all or part of the loan, the provider reports no forgiven amounts on the Medicare cost report. If the provider pays interest on any portion of

the SBA loan, the provider may report the interest expense, similar to other interest expenses, on the cost report.

For more information, see pages 99 through 102 of the Aug. 26 [update](#) to CMS' COVID-19 FAQs on Medicare Fee-for-Service Billing document.