



Why OIG Did This Audit

The Provider Relief Fund (PRF) provides funds to eligible hospitals and other health care providers (providers) for health-care-related expenses or lost revenue attributable to COVID-19. HHS is responsible for PRF program oversight and policy decisions, and the Health Resources and Services Administration (HRSA) within HHS provides day-to-day oversight and management of the program. Providers that received PRF payments under the Phase 1 General Distribution are subject to requirements for submission of revenue information and attestation of acceptance or rejection of payments. This audit is part of OIG's oversight of HHS's COVID-19 response and recovery efforts.

Our objective was to determine whether HHS's and HRSA's controls related to selected PRF program requirements (i.e., those related to the requirements for submission of revenue information and attestation of rejection of payments) ensured that providers received the correct payments from the Phase 1 General Distribution.

How OIG Did This Audit

Our audit covered about \$48 billion in PRF payments that were disbursed to 323,498 Medicare providers from April 10 through December 17, 2020. We performed audit procedures, including interviewing HRSA officials and contractors and analyzing payment and attestation data. To test controls, we selected a random sample of 45 providers.

HHS's and HRSA's Controls Related to Selected Provider Relief Fund Program Requirements Could Be Improved

What OIG Found

In the context of unprecedented challenges from the COVID-19 national emergency, HHS and HRSA developed controls related to selected PRF program requirements designed to ensure that providers received the correct PRF payments from the Phase 1 General Distribution in a fast, fair, and transparent manner. However, we determined that some of these controls could be improved.

We found that HHS and HRSA did not have certain procedures. Specifically, HHS's and HRSA's procedures did not include: (1) requesting and reviewing providers' supporting documentation to verify the estimated revenue losses in March and April 2020, (2) subtracting the automatic payments made to providers' subsidiaries when certain nonautomatic payments were calculated, and (3) specifying a deadline for providers to return rejected payments. We also found that HHS's and HRSA's procedures had weaknesses. Specifically: (1) HHS's and HRSA's payment thresholds for manual review of information submitted by providers were set at a level that resulted in only 2 percent of providers undergoing manual review, and (2) HRSA's process to open and view the data file containing subsidiaries' taxpayer identification numbers (subsidiary TINs) extracted from providers' applications led to an error that caused the use of incorrect subsidiary TINs when payments were calculated.

We understand that HHS and HRSA's operational objective at the beginning of the national emergency was to rapidly disburse PRF payments to support providers facing severe economic hardship during the national emergency because the Coronavirus Aid, Relief, and Economic Security Act required HHS and HRSA to make payments considering "the most efficient payment systems practicable to provide emergency payment." We also understand that because of this statutory requirement, HHS and HRSA prioritized rapid disbursement of payments over the risk of making improper payments, because HHS and HRSA determined that activities to lower the risk would have delayed the payments. However, as HRSA fully implements postpayment quality control review processes, it should consider the information and recommendations included in this report.

In addition, to prepare for a possible public health emergency in the future, HHS should use the information and recommendations included in this report when determining lessons learned from administering PRF distributions during

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the COVID-19 national emergency, and look for additional ways to safeguard taxpayers' money when rapidly disbursing assistance payments to health care providers in response to future national emergencies.

What OIG Recommends and HRSA Comments

We made five recommendations to HRSA, including that HRSA continue to perform postpayment quality control reviews of selected providers, consider reviewing 189 providers that were identified for manual review, and seek repayment of any overpayments from providers. We also recommended that HRSA ensure that the HHS Program Support Center collects payments made to selected providers that did not return their rejected payments as of March 9, 2022. Furthermore, we recommended that HRSA could conduct a cost-benefit analysis for manual review of additional providers that had the potential to receive payments below existing payment thresholds and, if the benefit outweighs the cost, it could select additional providers for review. The full text of our recommendations is shown in the report.

HRSA concurred with all of our recommendations and provided information on actions that it had taken or planned to take to address our recommendations. These actions included reviewing the 189 providers identified for manual review and seeking repayments for any overpayments, sending rejected but not returned payments to the Program Support Center for collection of any outstanding amounts owed, and conducting a cost-benefit analysis for manual review of providers.