1. **Is there a link for the Phase 2 application?**
   and

2. **Using Provider Relief Funds for your last example: Acquiring additional resources: do those need to be related to COVID or can they be general - We are expanding capacity for dental - can we use it for that?**
   The HHS FAQ's on 8/18/20 included the following language which indicates you may use the funds for general operating expenses. "Providers can use Provider Relief Fund payments to cover any cost that the lost revenue otherwise would have covered, so long as that cost prevents, prepares for, or responds to coronavirus. Thus, these costs do not need to be specific to providing care for possible or actual coronavirus patients, but the lost revenue that the Provider Relief Fund payment covers must have been lost due to coronavirus. HHS encourages the use of funds to cover lost revenue so that providers can respond to the coronavirus public health emergency by maintaining healthcare delivery capacity." This definition has typically been widely interpreted, but your management will need to consider how those expenses "prevents, prepares for, or responds to coronavirus" and monitor any future clarifying guidance that would impact the expenses you elected for this program. The question for expanding dental capacity would be how you would explain that this prevents, prepares for or responds to coronavirus. If you can make this case for your community because the expansion is a direct response, then that would be a stronger argument than simply saying we wanted to do this anyway. Clear guidance doesn't exist, but there is additional risk in using the funding in this way if the coronavirus correlation is weaker. You could also evaluate if there are other expenditures that are easier to justify and then consider utilizing the existing program income for these expansion activities.

3. **Do you have to extend your costs through the 24-week period, or can it be a time period before the 24 weeks?**
   You may only obtain forgiveness for allowable costs incurred or expended during the 24-week (or 8 weeks if chosen) loan covered period.

4. **Regarding the statement on slide 10: "shouldn't have revenue recognized prior to receiving funding" - does 'prior to receiving' mean prior to money being drawn down? Essentially, does the month of cash receipt need to be the same month as revenue recognition, no revenue accruals?**
   The terminology on side 10 refers to "receiving funding" as being awarded the grant funds. Generally Accepted Accounting Principles, specifically in the FASB rules covered by Topic 958 require that in order for funds to be recognized as revenue from a contribution or grant, then the recipient must have satisfied the restriction (in this case incurred the expense) AND have been promised the funds. This specific point is to note that CHC's or other grantees should not recognize the revenue prior to the Notice of Award (Cares Act 93.224 awards) or prior to receiving their Provider Relief Fund amounts which were normally revealed through the receipt of cash. Even if you incurred qualifying expenses that you are attributing to these funding sources, you could not recognize it prior to the date. This doesn't mean that you couldn’t have a grant receivable subsequent to the date on the NOA. This would not be an issue for the Provider Relief Funds as you received all of the cash when it was awarded.

5. **It has been stated that the Provider Relief Funds were based on 2% of our annual patient revenues. Can you please tell me where the revenue amount was taken from to determine what the 2% amount would be?**
   Per the [https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/general-information/index.html](https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/general-information/index.html) page, it doesn't specifically address the government's original source of the 2%, but many have speculated it is from the financial information contained on the most recently filed Medicare cost report. The website does specifically mention the calculation as Payment Allocation per Provider = 2% (Revenues
x Percent of Revenues from Patient Care) which is defined in your most recent tax filings (CY2017, 2018, or 2019).

6. **For those of us who elect the 24-week covered period, and who brought back furloughed employees, must we wait until December 31 to take advantage of the ability to count recalled employees in our FTE count?**
   No. You have until December 31, 2020 to return to average FTE count that existed on February 15, 2020. You do not have to wait until December 31 to file your loan forgiveness application. Keep in mind that this safe harbor applies only for FTE count reduction between February 15 and April 26, 2020.

7. **If you elect the 24-week period and fully expend the PPP in 15 weeks, can you request forgiveness early or do you have to wait until the end of the 24-week period?**
   Yes. You can apply for forgiveness any time during the covered period and up to 10 Months after the end of the covered period.

8. **Where do we find the loan forgiveness application?**
   [https://home.treasury.gov/policy-issues/ cares/assistance-for-small-businesses](https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses)

9. **Could using the Provider Relief Funds for lost revenue and COVID related expenses be considered double-dipping?**
   This is a question we are still seeking clarification on from the regulators. The most conservative approach has been to attribute expenses to all of your supplementary funds (SBA PPP, CARES Act 93.224 grant funds, and Provider Relief Funds) in order to demonstrate that expenses have not been double dipped. It is possible that the final guidance will make it clearer that you can simply demonstrate that you earned your provider relief funds through lost revenue. If you utilized lost revenue, then it would not specifically be double dipping because the regulations would be separating that from expenses. I can see, however, that the application of this approach could result in more of these grant funds being recognized during a window of time than you have expenses. It would create the implication of double dipping which is why we have not advocated for that as the safest practice. The HHS FAQ’s on 8/18/20 included the following language which is why we have mentioned the safest approach: "Providers can use Provider Relief Fund payments to cover any cost that the lost revenue otherwise would have covered, so long as that cost prevents, prepares for, or responds to coronavirus. Thus, these costs do not need to be specific to providing care for possible or actual coronavirus patients, but the lost revenue that the Provider Relief Fund payment covers must have been lost due to coronavirus. HHS encourages the use of funds to cover lost revenue so that providers can respond to the coronavirus public health emergency by maintaining healthcare delivery capacity."

10. **We have been using the Provider Relief Funds for the general operating expenses that are not being reimbursed by any other funding (Medical/dental supplies and others) Would that be ok?**
    The HHS FAQ's on 8/18/20 included the following language which indicates you may use the funds for general operating expenses. "Providers can use Provider Relief Fund payments to cover any cost that the lost revenue otherwise would have covered, so long as that cost prevents, prepares for, or responds to coronavirus. Thus, these costs do not need to be specific to providing care for possible or actual coronavirus patients, but the lost revenue that the Provider Relief Fund payment covers must have been lost due to coronavirus. HHS encourages the use of funds to cover lost revenue so that providers can respond to the coronavirus public health emergency by maintaining healthcare delivery capacity." This definition has typically been widely interpreted, but your management will need to consider how those expenses "prevents, prepares for, or responds to coronavirus" and monitor any future clarifying guidance that would impact the expenses you elected for this program.
11. Is lost revenue only focused on patient revenue (net or gross?) or does it include all sources of revenue?

The HHS FAQ's on 8/18/20 had the following definition for "lost revenues". "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 outpatient visits, canceled elective procedures or services, or increased uncompensated care." There is still clarification pending from regulators as to whether this means gross patient revenue, net patient revenue, net margin or includes other grant funding. Currently based on the definition in the FAQ, that would not seem to indicate that gross revenue or other grant funding would be included. The most common current interpretation has been to calculate it based on the lost net patient service revenue, but there is still debate on if that is compared to budget, the prior year or recent months. All are reasonable, but not officially confirmed methodologies for calculating the impact. HHS has not currently defined the measurement period for lost revenue, but many CHCs are considering the impacts beginning in March, 2020 and when activity levels return to normal pre-COVID levels, but not going beyond the final reporting period for use of the funds. Please keep in mind that pending regulations and clarification could alter that opinion.

12. Does lost revenue have to result in deficits before you can apply COVID grant funds?

See answer for question 11. It is the best answer at this point in time as there is not clarity on whether net margin is an expectation for consideration on lost revenue. Net margin (loss) would be typically defined as the net change in net assets resulting in a decrease in net assets. If this is the interpretation, then you would be including other grant funding when considering lost revenues. This is not clearly indicated and the more common approach pending future clarification has been focused on net patient service revenue.

Should you have any other questions, please feel free to reach out to our team using the below contact information:

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