

Report in Brief

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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why **OIG** Did This Audit

The Provider Relief Fund (PRF) provides funds to eligible providers for health care-related expenses or lost revenue attributable to COVID-19. HHS was responsible for PRF program oversight and policy decisions, and the Health Resources and Services Administration (HRSA) provided day-to-day oversight of the program from April 10 through April 24, 2020 (audit period).

Providers that received automatic PRF payments under the Phase 1 General Distribution were subject to several program requirements, such as not having had their Medicare billing privileges revoked. To ensure that providers received the correct PRF payments from the Phase 1 General Distribution, HHS and HRSA established oversight procedures related to these requirements. This audit is part of **OIG's** oversight of HHS's COVID-19 response and recovery efforts.

Our objective was to determine whether HHS ensured that Phase 1 General Distribution automatic PRF payments were:

(1) properly calculated and (2) disbursed only to eligible providers.

How **OIG** Did This Audit

Our audit covered approximately \$39 billion in automatic PRF payments that were disbursed to 319,468 providers during our audit period. We performed audit procedures, including interviewing HRSA officials and contractors and analyzing payment data.

HHS's Oversight of Automatic Provider Relief Fund Payments Was Generally Effective but Improvements Could Be Made

What **OIG** Found

HHS allocated PRF funds in a series of distributions in several phases. Of relevance to this audit, HHS allocated \$50 billion to distribute to providers in two rounds under the Phase 1 General Distribution for eligible providers that billed Medicare fee-for-service. Most of these payments were automatically made to these providers (i.e., providers did not need to take action to receive payments).

Generally, HHS's oversight was effective in ensuring that most of the approximately \$39.3 billion in automatic PRF payments were properly calculated and disbursed to eligible providers. However, HHS did not ensure that approximately \$2.16 billion (5.5 percent) in automatic PRF payments were properly calculated as intended. Also, HHS did not prevent more than \$247 million in payments (less than 1 percent) from being disbursed to ineligible providers and did not utilize all readily available lists to identify these providers. Specifically, we found that HHS did not ensure that all round 1 automatic PRF payments to Medicare providers were properly calculated as intended. Additionally, HHS did not ensure that calculations for round 2 automatic PRF payments were properly made to Medicare providers. Finally, HHS did not identify all ineligible providers and exclude them from receiving PRF payments.

We understand that HHS and HRSA's operational objective at the beginning of the COVID-19 national emergency was to rapidly disburse PRF payments to support providers facing severe economic hardship during the national emergency. We also understand that HHS prioritized the rapid distribution of PRF payments and did not focus its activities on lowering the risk of improper payments because those activities would have delayed the disbursement of PRF payments. However, as HRSA fully develops and implements postpayment review processes, it should consider the information and recommendations included in this report.

What **OIG** Recommends and HRSA Comments

We made a series of recommendations to HRSA, including that it perform postpayment quality control reviews of selected providers and recoup any overpayments. (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 has taken or plans to take to address them.