

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) provided funds to eligible hospitals and other health care providers (providers) for health care-related expenses or lost revenue attributable to COVID-19. The Phase 2 General Distribution went to Medicaid, CHIP, and dental providers and assisted living facilities. From July 3, 2020, through June 21, 2021, HRSA distributed about \$4.9 billion to more than 100,000 providers. HRSA calculated each payment based on 2 percent of the provider's patient care revenue. To receive a PRF payment, a provider had to submit an application and supporting documentation, such as a Federal income tax return, to support reported revenue. A provider also had to meet certain requirements, such as not being excluded from participating in Medicaid. This audit is part of OIG's oversight of HHS's COVID-19 response and recovery efforts. Our objective was to determine whether PRF payments under the Phase 2 General Distribution were correctly calculated, supported by appropriate documentation, and made to eligible providers.

How OIG Did This Audit

Our audit covered 73,449 tax-filing taxpayer identification numbers (TINs) for Medicaid and CHIP providers, dental providers, and assisted living facilities for which each provider had received a total of \$10,000 or more from July 3, 2020, through June 21, 2021, under the Phase 2 General Distribution. HRSA disbursed \$4.8 billion to these providers. We selected a statistical sample of 150 providers (each represented by a TIN).

HRSA Made Some Potential Overpayments to Providers Under the Phase 2 General Distribution of the Provider Relief Fund Program

What OIG Found

For all 150 sampled providers, HRSA made PRF payments to eligible providers. However, for 17 of the 150 sampled providers, HRSA made PRF payments that were not correctly calculated (15 sampled providers) or were not supported by appropriate documentation (2 sampled providers). As a result, HRSA made \$18.4 million in potential overpayments to the 17 sampled providers. On the basis of our sample results, we estimated that HRSA made \$159.4 million in potential overpayments to providers (3.3 percent of the total PRF payment amount that we audited).

What OIG Recommends and HRSA Comments

With respect to PRF payments made to providers under the Phase 2 General Distribution, we made three recommendations to HRSA, including that HRSA conduct a review of the 17 sampled providers we identified that had potential overpayments of \$18.4 million and determine the amount of and seek repayment of any overpayments. Furthermore, should HRSA need to rapidly disburse similar payments to providers in response to a future national emergency, we recommend that HRSA consider taking specified steps to safeguard taxpayer money, such as requiring providers to submit supporting documentation for all revenue information provided on applications for payments. (The full text of our recommendations is shown in the report.)

HRSA partially concurred with our first recommendation and concurred with our second and third recommendations. HRSA did not state whether it concurred with our remaining recommendations but said that it will review these recommendations should it need to rapidly disburse similar payments to providers in the future. HRSA provided information on actions that it had taken or planned to take to address our recommendations.

Regarding our first recommendation, HRSA stated that it had identified 16 sampled providers with potential overpayments totaling \$7,241,390 instead of 17 sampled providers with potential overpayments totaling \$18,381,187 (as shown in our draft report). After considering HRSA's comments and reviewing additional documentation that HRSA provided, we maintain that for the 17 sampled providers, HRSA made PRF payments that were not correctly calculated or were not supported by appropriate documentation. However, we recategorized the finding for 1 sampled provider and adjusted the total potential overpayment amount for the 17 sampled providers from \$18,381,187 to \$18,371,939 for the final report.

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