



# Navigating the DHS COVID-19 Supplement

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- *This presentation considers guidance provided by the SBA and US Department of the Treasury through September 14, 2021. Additional guidance is being provided on a regular basis, please refer to the US Department of the Treasury website (<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>) for recent updates.*



# Navigating the DHS COVID-19 Supplement

## Learning Objectives

- Understand the DHS instructions for completing the form
- Determine the timing of expenses and lost revenues for completing the form
- Determine the strategies to minimize the potential negative impact to future SNF rates
- Prepare for completing the federal reporting portal requirement consistent with DHS COVID-19 supplement reporting



# Navigating the DHS COVID-19 Supplement

## CARES Act Distributions – Phase I

April 2020 Phase I distribution \$50 billion

Must have billed Medicare A or B in 2019 and  
based on 2018 gross receipts

Distributed amount based on 2018 revenues X 2%

To be used for COVID expenses and lost revenues

# Navigating the DHS COVID-19 Supplement

## CARES Act Distributions - Targeted Distribution – Skilled Nursing Facilities

- May 2020 \$4.9 billion
- \$50,000 per facility plus \$2,500 X number of beds
- To be used for COVID expenses and lost revenues



# Navigating the DHS COVID-19 Supplement

## CARES Act Distributions – Infection Control

- Total \$5 billion with \$2.5 billion distributed in August 2020
- \$10,000 per facility plus \$1,450 X number of beds
- To be used for increased testing of both staff and residents, reporting test results to governments, changes to physical facilities, additional services to residents (example: technology that lets them connect with families), staffing and PPE



# Navigating the DHS COVID-19 Supplement

## CARES Act Distributions – Infection Control

- \$2 billion distributed in August, September, October and December 2020 (called “Performance Periods”)
- To be used for infection control expenses (see previous slide), hiring staff or independent contractors, provide patient care, provide administrative support



# Navigating the DHS COVID-19 Supplement

## PPP Loans – First Round

- Amount of loan based on 2.5 months of payroll expenses
- Most loans received in April and May 2020
- 8 week or 24 week “covered period” to use proceeds and be eligible for forgiveness
- Uses – salaries, mortgage interest (not principal), rent or lease for real or personal property, utilities – electric, gas, and water, telephone, internet, software or cloud computing services. Also worker protection – PPE – but most of these are being reported as CARES Act use.





# Navigating the DHS COVID-19 Supplement – First Tab - Instructions

Has the nursing facility received any of the following funding? If yes, the nursing facility is required to provide a reconciliation of the amount received and the uses of that funding.

(Indicate Y for Yes and N for No in the blue box)

## CARES Act Funding (Provider Relief Funds or PRF)

- Yes** -Was this funding for NF, Assisted Living, Senior Housing, or all facility service lines?
- Yes** -Did the NF, Assisted Living, Senior Housing, or all facility service lines receiving funding for the coronavirus general distributions? If so, the facility will need to complete Section II(a) tab.
- Yes** -Did the NF, Assisted Living, Senior Housing, or all facility service lines receiving funding for **coronavirus infection control**? If so, the facility will need to complete Section II(b) tab.
- Yes** -Did the NF, Assisted Living, Senior Housing, or all facility service lines receiving funding for **coronavirus testing**? If so, the facility will need to complete Section II(b) tab.

## Treasury or Small Business Administration (SBA) Assistance (Other than PPP loans)

- No** -Was this funding for NF, Assisted Living, Senior Housing, or all facility service lines? Please complete Section II(c) tab.

## Paycheck Protection Program (PPP Loan)

- Yes** -Has the facility applied for PPP forgiveness? If yes, please provide the loan forgiveness application, approval letter, and supporting documentation. If so, the facility will need to complete Section III(a)
- Yes** -Was this funding for NF, Assisted Living, Senior Housing, or all facility service lines? If so, the facility will need to complete Section II(d) tab.

## Economic Injury Disaster Loan (EIDL)

- No** -Has the facility applied for EIDL forgiveness? If yes, please provide the loan forgiveness application and supporting documentation. If so, the facility will need to complete Section III(b) tab.
- No** -Was this funding for NF, Assisted Living, Senior Housing, or all facility service lines? If so, the facility will need to complete Section II(e) tab.

## Federal Emergency Management (FEMA) Assistance

- No** -Was this funding for NF, Assisted Living, Senior Housing, or all facility service lines? If so, the facility will need to complete Section II(f) tab.

## Local, State, and Tribal Government Assistance

- No** -Was this funding for NF, Assisted Living, Senior Housing, or all facility service lines? If so, the facility will need to complete Section II(g) tab.

## Business Insurance

- No** -Was this funding for NF, Assisted Living, Senior Housing, or all facility service lines? If so, the facility will need to complete Section II(h) tab.

## MN Dept. of Health COVID-19 Grants

- Yes** -Was this funding for NF, Assisted Living, Senior Housing, or all facility service lines? If so, the facility will need to complete Section II(i) tab.

- No** COVID-19 MN DHS 12A Funding? If so, the facility will need to complete Section II(j) tab.

- No** Other Funding Not Listed Above? If so, the facility will need to complete Section II(k) tab.

- No** Did you send in a reconciliation schedule for RYE 9/30/2020 costs for any of the above funding mechanisms?

- No** Has the nursing facility offset the costs on the Cost Report for all funds received? If so, please provide detailed supporting documentation including which line number the costs were offset to.



# Navigating the DHS COVID-19 Supplement Tab I

## Source of Funds

Funds Type Received	CARES Act NF (Unrestricted)	CARES Act Non- NF (Unrestricted)	CARES Act NF (Restricted)	CARES Act Non- NF (Restricted)	Treasury-SBA Loan NF	Treasury-SBA Loan Non-NF	PPP Loan NF	PPP Loan Non- NF	MDH Grants NF	MDH Grants Non- NF
DATE Rec'd										
4/15/2020							\$ 554,000.00			
4/17/2020	\$ 61,654.25									
4/24/2020	\$ 64,311.18									
5/22/2020	\$ 195,000.00									
6/25/2020									\$ 118,194.00	
8/27/2020			\$ 94,100.00							
9/24/2020			\$ 8,373.29							
Total	\$ 320,965.43	\$ -	\$ 102,473.29	\$ -	\$ -	\$ -	\$ 554,000.00	\$ -	\$ 118,194.00	\$ -
Total Use of Funds	\$ 33,488.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 554,000.00	\$ -	\$ -	\$ -
Total Funds Remaining	\$ 287,477.43	\$ -	\$ 102,473.29	\$ -	\$ -	\$ -	\$ 0.00	\$ -	\$ 118,194.00	\$ -



## Navigating the DHS COVID-19 Supplement – Reporting PPP Proceeds Uses

Strategy – Report the least possible care-related costs for uses of PPP loan proceeds

- “Aggressive approach”? – regardless of what was reported on application for forgiveness
- First, use 24-week “Covered Period” for mortgage interest (not principal), rent or lease for real or personal property, utilities – electric, gas, and water, telephone, internet, software or cloud computing services.



# Navigating the DHS COVID-19 Supplement – PPP Forgiveness Application Form 3508EZ

## Forgiveness Amount Calculation:

### Payroll and Nonpayroll Costs

Line 1. Payroll Costs: \$ 1,742,223.00

Line 2. Business Mortgage Interest Payments: \$ 0.00

Line 3. Business Rent or Lease Payments: \$ 42,000.00

Line 4. Business Utility Payments: \$ 54,052.00

### Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4: \$ 1,838,275.00

Line 6. PPP Loan Amount: \$ 554,000.00

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60): \$ 2,903,705.00



# Navigating the DHS COVID-19 Supplement - Tab III(a)

Loan Forgiveness	PPP Loan Forgiven NF	PPP Loan Forgiven Non-NF	Description	Cost Report Line Number
Date Forgiven = 3/4/21			PPP Loan through Bremer Bank total = \$554,000	
All expenses listed below are for the covered period of 4/26 - 10/10/2020				
	\$ 9,884		Interest - care center improvements loan	7031
	\$ 11,554		Interest - care center mortgage	7031
		\$ 12,650	Interest - housing divisions	NA
	\$ 42,000		Care Center rent paid to city	7053
	\$ 50,910		Care Center utilities	6630
	\$ 3,142		Care Center telephone and internet	8080
		\$ 34,490	Utilities, telephone, internet - housing divisions	NA



## Navigating the DHS COVID-19 Supplement – Reporting PPP Proceeds Uses (con't)

- Second, report payroll costs on a “FIFO” basis so that other costs reported plus payroll costs equal the total PPP loan amount.
- Question – Do you report whole payrolls, or do you “pick and choose” and only report non-care related salaries?
- Remember – PPP loan proceeds were based on total salaries for your corporation, so be sure to include non-nursing home salaries in reporting your use of PPP proceeds.



# Navigating the DHS COVID-19 Supplement – PPP Proceeds Used for Salaries

	Total PPP loan	554,000.00	
	Used for utilities, interest, phone	(164,630.00)	
	Salaries needed to cover remainder	389,370.00	
	Less 5/14/20	(143,516.51)	
	Less 5/28/20	(146,928.87)	
	needed from 6/11/20	98,924.62	
	ratio of 6/11/20 needed to total	0.627742804	



# Navigating the DHS COVID-19 Supplement – PPP Proceeds Used for Salaries

GL Acct #	Description	5/14/2020	5/28/2020	6/11/2020	Factored 6/11/2020	Total for PPP Loan Forgiveness	MA Cost Report Line Number
10-30-116190	Social Services	2464.095	2499.455	2200.065	1,381.07	6,344.62	6211
10-31-116112	RN	9865.87	10337.45	14381.24	9,027.72	29,231.04	6112
10-31-116113	LPN	13151.28	15697.01	17513.37	10,993.89	39,842.18	6113
10-31-116114	C N A	40084.14	40837.88	42103.49	26,430.16	107,352.18	6114
10-31-116115	TMA	6460.29	7159.29	9692.06	6,084.12	19,703.70	6115
10-31-116116	Medical Records	4523.07	4704.13	3888.94	2,441.25	11,668.45	6116
10-31-116117	RN House Supervisor	3162.2	3326.17	3097.43	1,944.39	8,432.76	6112
10-31-116118	Rehab Aides	1041.12	1049.02	1400.63	879.24	2,969.38	6114
10-31-116119	Staff Development	3386.8	2760.8	2498	1,568.10	7,715.70	6260
10-31-116121	MDS Coordinator	5061.19	3756.39	5385.7	3,380.83	12,198.41	6111
10-31-116124	Community Assistant	4229.66	979.48	636.13	399.33	5,608.47	6513
10-31-116125	Basic Care Aide	0	2812.01	3081.01	1,934.08	4,746.09	6114
10-31-116142	C N A Training	0	0	35	21.97	21.97	6114
10-33-116211	Activity Director	1874.26	1923.26	1835.82	1,152.42	4,949.94	6212
10-33-116212	Activities Staff	3044.33	3087.06	3041.37	1,909.20	8,040.59	6212
10-35-116311	Dietary Director	2259.71	2217.07	2669.44	1,675.72	6,152.50	6313
10-35-116313	Dietary Staff	6322.12	5949.56	6332.83	3,975.39	16,247.07	6313
10-35-116314	Cook Staff	4846.2	4776.43	4966.4	3,117.62	12,740.25	6313
10-36-116411	Environmental Supervisor	2857.84	3413.97	2772	1,740.10	8,011.91	6513
10-36-116412	Environmental Staff	3214.83	3326.49	3138.05	1,969.89	8,511.21	6513
10-36-116413	Laundry Staff	1374.05	1405.87	1412.21	886.50	3,666.42	6413
10-37-116612	Maintenance Staff	1591.45	1607.73	1616.65	1,014.84	4,214.02	6613
10-41-118011	Administrator	5514.48	5514.48	5514.48	3,461.68	14,490.64	8013
10-41-118015	Financial Director	2605.6	2605.6	2605.6	1,635.65	6,846.85	8013
10-41-118016	Clerical Staff	1458.37	1445.72	1403.06	880.76	3,784.85	8013
10-41-118017	HR Director/Payroll	2600.5	3010.48	2843.82	1,785.19	7,396.17	8013
30-45-336190	RRE Housing Manager	253.705	253.705	253.705	159.26	666.67	Non NF
40-46-446190	Villa Housing Manager	185.78	185.78	185.78	116.62	488.18	Non NF
50-40-556190	Garden Cottage Housing Manager	120.32	120.32	120.32	75.53	316.17	Non NF
10-42-119011 and 10-42-169011	Employer FICA	9963.25	10166.26	10963.22	6,882.08	27,011.59	26,901.94 NF 109.66 Non NF
<b>TOTAL</b>		<b>143,516.51</b>	<b>146,928.87</b>	<b>157,587.82</b>	<b>98,924.62</b>	<b>389,370.00</b>	





# Navigating the DHS COVID-19 Supplement – Tab

## III(a)

Loan Forgiveness	PPP Loan Forgiven NF	PPP Loan Forgiven Non-NF	Description	Cost Report Line Number
	\$ 6,344.62		Social Services	6211
	\$ 29,231.04		RN	6112
	\$ 39,842.18		LPN	6113
	\$ 107,352.18		C N A	6114
	\$ 19,703.70		TMA	6115
	\$ 11,668.45		Medical Records	6116
	\$ 8,432.76		RN House Supervisor	6112
	\$ 2,969.38		Rehab Aides	6114
	\$ 7,715.70		Staff Development	6260
	\$ 12,198.41		MDS Coordinator	6111
	\$ 5,608.47		Community Assistant	6513
	\$ 4,746.09		Basic Care Aide	6114
	\$ 21.97		C NA Training	6114
	\$ 4,949.94		Activity Director	6212
	\$ 8,040.59		Activities Staff	6212
	\$ 6,152.50		Dietary Director	6313
	\$ 16,247.07		Dietary Staff	6313
	\$ 12,740.25		Cook Staff	6313
	\$ 8,011.91		Environmental Supervisor	6513
	\$ 8,511.21		Environmental Staff	6513
	\$ 3,666.42		Laundry Staff	6413
	\$ 4,214.02		Maintenance Staff	6613
	\$ 14,490.64		Administrator	8013
	\$ 6,846.85		Financial Director	8013
	\$ 3,784.85		Clerical Staff	8013
	\$ 7,396.17		HR Director/Payroll	8013
		\$ 666.67	RRE Housing Manager	NA
		\$ 488.18	Villa Housing Manager	NA
		\$ 316.17	Garden Cottage Housing Manager	NA
	\$ 26,901.94		Employer FICA	9011
		\$ 109.66	Employer FICA	NA



# Navigating the DHS COVID-19 Supplement – Reporting PPP Proceeds Uses

Strategy – Remember – no double dipping – PPP Loan covered period is 24 weeks – so any hero pay, bonuses, hazard pay, etc. during the covered period should not be reported as use of PRF Phase I or Targeted distributions. (Assuming you have enough COVID expenses and lost revenues through 30 June 2021 to justify those two PRF distributions).



# Navigating the DHS COVID-19 Supplement

## CARES Act Proceeds (Provider Relief Funds “PRF”)

- First calculate lost revenues so you have an idea of how much COVID-related expenses are needed to avoid any payback of PRF
- the foundation for any expense to begin to be considered allowable is that it specifically has a nexus to COVID (prepare, prevent, respond to COVID). Then it needs to be incremental, justifiable, reasonable, documented etc.



# Navigating the DHS COVID-19 Supplement

## CARES Act Proceeds (con't)

- HRSA reiterated in a June 11, 2021 FAQ that, “*The Provider Relief Fund permits reimbursement of marginal increased expenses related to coronavirus provided those expenses have not been reimbursed from other sources or that other sources are not obligated to reimburse.*”



# Navigating the DHS COVID-19 Supplement – Tab II(a)

Use of Funds	CARES Act (PRF) NF (Unrestricted)	CARES Act (PRF) Non-NF (Unrestricted)	Description	Cost Report Line Number
See attached	\$ 33,488		Various - see ledger history attached	8080



# Navigating the DHS COVID-19 Supplement – Reporting PRF Uses

	9	APIR	6181007	4	1.03E+09	COVID-19	210.26	Amazon Capital Services, Inc., Invoice D	
	9	APIR	6191458	3	1.03E+09	COVID-19	20.81	Tiger Ace Hardware, Bolt Eye w/ nut, Fas	
	9	APIR	6261621	2	1.03E+09	COVID-19	1011	Direct Supply, Inc, 3 Ply Disposable Fac	
	9	APIR	6301603	4	1.03E+09	COVID-19	519.79	Direct Supply, Inc, Isolation Station &	
	9	APIR	6301603	5	1.03E+09	COVID-19	35.19	Direct Supply, Inc, Standard Glove Box D	
	9	APIR	6301603	6	1.03E+09	COVID-19	928	Direct Supply, Inc, 3 Ply Disposable Fac	
	9	APIR	7011456	2	1.03E+09	COVID-19	1925	Advanced Wireless Communications, Invoic	
	9	APIR	7031118	2	1.03E+09	COVID-19	1011	Direct Supply, Inc, 3 Ply Disposable Fac	
	9	APIR	7031118	3	1.03E+09	COVID-19	12.39	Direct Supply, Inc, Standard Glove Box D	
	9	APMI	7131158	3	1.03E+09	COVID-19	400	Rick Zillgitt Consulting Fee for Boiler	
	10	APIR	7131505	2	1.03E+09	COVID-19	2621.98	Cardmember Service, Acct # Ending in 744	
	10	APIR	7151335	5	1.03E+09	COVID-19	928	Direct Supply, Inc, 3 Ply Disposable Fac	
	10	APIR	7271534	7	1.03E+09	COVID-19	68.52	McKesson Medical-Surgical Minnesota Supp	
	10	APIR	7281508	2	1.03E+09	COVID-19	877	Direct Supply, Inc, 3 Ply Disposable Fac	
	11	APIR	8131102	4	1.03E+09	COVID-19	88.96	Cardmember Service, Acct # Ending in 744	
	11	APIR	8191328	3	1.03E+09	COVID-19	1477.5	Citi Cards, Mobile Outfitters: Invoice D	
	11	APIR	9011329	4	1.03E+09	COVID-19	775.4	Direct Supply, Inc, 3Ply Disposable Mask	
	11	APIR	9021455	9	1.03E+09	COVID-19	795.4	Direct Supply, Inc, 3 Ply Disposable Fac	
	12	APIR	9111613	3	1.03E+09	COVID-19	26.16	McKesson Medical-Surgical Minnesota Supp	
	12	APIR	9211057	5	1.03E+09	COVID-19	724.4	Direct Supply, Inc, 3Ply Disposable Face	
	12	APIR	9251632	4	1.03E+09	COVID-19	24.76	Direct Supply, Inc, Standard Glove Box D	
	12	APIR	10051627	4	1.03E+09	COVID-19	506.76	Direct Supply, Inc, Isolation Station, 4	
	12	APIR	10051627	5	1.03E+09	COVID-19	116.55	McKesson Medical-Surgical Minnesota Supp	
							33,488.10		



# Navigating the DHS COVID-19 Supplement – Tab II(b)

Schedule II(b)	CARES Act Restricted Use of Funds					
Care Center's restricted amounts received from the CARES Act were for testing (received in August 2020) and infection control (received in September 2020). The Care Center had not expended any of these funds as of 30 September 2020.						
1. The information may be submitted in the suggested format or any other available listing that supplies the required data (example: Excel report including detailed description of funding and a detailed breakdown of the uses).						
2. Miscellaneous, other, miscellaneous other, etc. are not considered to be detail for types of expenditures and all costs so described will be disallowed.						
3. Do not copy and paste a picture of a report into this Excel workbook. Do not copy and paste from an Adobe PDF into this workbook. The actual report itself and/or a PDF of the report may be submitted in lieu of the supplemental schedule.						
The reconciliation schedule should include all COVID-19 related expenses in which restricted CARES Act restricted funding was used, chronologically.						



# Example property change



Addition to building of \$23 million



Capitalized interest and financing costs of \$1.2 million





# Pre-Fair Rental Value rate

<b>Property-related per diem</b>		
<u>Property-related costs to be included in the property per diem</u>		
Recognized Moratorium Exception Process project costs	\$23,177,043	
Average Debt For Moratorium Project	<u>\$18,147,465</u>	
5.66% of (Value - Debt)	\$284,674	
Allowable Interest	<u>\$1,110,938</u>	
Moratorium costs to be included in the property per diem		\$1,395,612
<u>Capacity days</u>		
Does the facility choose to assign greater costs to single bed rooms?	Yes	
Total number of beds	248	
Days in a year	<u>365</u>	
Capacity days	90,520	
Additional capacity for assigning greater costs	<u>37,595.00</u>	
Total capacity days	128,115	
95% of capacity days		<u>121,709</u>
Building capital allowance increase for the project		\$11.47
Non-reimbursable cost areas percentage		<u>4.75%</u>
Net building capital allowance increase for the project		\$10.93
Property per diem rate increase		\$10.93



# Fair Rental Value rate

Estimated appraised value after construction is completed (URC) <sup>1</sup>	\$64,135,803	
Maximum URC	<u>\$63,640,190</u>	
Limited URC	\$63,640,190	
Depreciated Replacement Cost (DRC) of existing plant	\$64,135,803	
Ratio of Limited URC to URC	<u>99.2%</u>	
Limited DRC	\$63,622,717	
Land and Land Improvements (5% of Limited URC)	<u>\$3,182,010</u>	
Subtotal	\$66,804,727	
Rental rate	<u>7.50%</u>	
Annual Fair Rental Value	\$5,010,355	
88% of Capacity Days	<u>79,658</u>	
Fair Rental Value property rate		\$62.90
Equipment Allowance per bed	\$10,000	
Number of licensed beds	248	
Rental rate	<u>7.50%</u>	
Subtotal	\$186,000	
88% of Capacity Days	<u>79,658</u>	
Equipment allowance		<u>\$2.33</u>
Fair Rental Value property rate		\$65.23
Sum of current PCRA's	\$0.00	
Sum of current Consolidation rates	\$0.00	
Sum of current SBIs	\$0.00	
Current Equity Incentives	\$0.00	
Estimated property rate in 2020	<u>\$16.29</u>	
Total of all current property-related rate items		<u>\$16.29</u>
Property rate change from completing a FRV project		<u>\$48.94</u>





Thank you for attending  
Please reach out to us if you have questions  
or need assistance

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