Department of Health and Human Services
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Four of Thirty Selected Dental Providers Did Not Comply With Terms and Conditions and Federal Requirements for Expending Provider Relief Fund Payments

REPORT HIGHLIGHTS

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Four of Thirty Selected Dental Providers Did Not Comply With Terms and Conditions and Federal Requirements for Expending Provider Relief Fund Payments

Why OIG Did This Audit

- Congress appropriated $178 billion to HHS to provide funds to eligible providers for health care-related expenses or lost revenues attributable to COVID-19 under the Provider Relief Fund (PRF) program. HHS was responsible for initial PRF program oversight and policy decisions, and HRSA administered the PRF program.
- Providers receiving PRF payments were to ensure that the payments were: (1) used to prevent, prepare for, or respond to COVID-19; (2) used for health care-related expenses or lost revenues attributable to COVID-19; (3) not used to cover expenses or losses reimbursed by other funding sources; and (4) not used to pay salaries in excess of a certain threshold or to pay for certain prohibited activities.
- This audit is part of a series reviewing PRF payments to various provider types. Specifically, this audit assessed whether 30 selected dental providers expended taxpayer funds in accordance with Federal and program requirements.

What OIG Found

- Of the 30 selected dental providers we reviewed, 4 dental providers inaccurately calculated and reported $3.4 million of lost revenues. These four dental providers received a total of $14.8 million in PRF payments. The remaining dental providers used PRF payments for allowable expenses and accurately calculated lost revenues.
- These deficiencies occurred because although dental providers attested to the PRF terms and conditions and HRSA provided continuously updated guidance to PRF recipients, some dental providers misinterpreted HRSA's guidance on calculating patient care lost revenues and used incorrect revenue amounts in their lost revenue calculations.

What OIG Recommends

We recommend that HRSA require the selected dental providers to return to the Federal Government any PRF payments used to offset inaccurately calculated lost revenue amounts or properly account for these lost revenues. HRSA concurred with our recommendation.

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INTRODUCTION

WHY WE DID THIS AUDIT

On March 13, 2020, the President declared the COVID-19 outbreak a national emergency. In response, Congress passed three bills, which the President signed into law. These Federal laws appropriated to the Department of Health and Human Services (HHS) a combined $178 billion in funds, part of which HHS used to establish the Provider Relief Fund (PRF).[1] The PRF provided payments to eligible hospitals and other health care providers (collectively referred to as "providers") for: (1) health care-related expenses or lost revenues (e.g., due to canceled elective services) attributable to COVID-19, (2) COVID-19 testing and treatment for uninsured individuals, and (3) the administration of COVID-19 vaccines. HHS distributed PRF funds, in part, as direct payments to providers in a series of PRF General and Targeted Distributions.[2] As of October 2024, the Health Resources and Services Administration (HRSA) had distributed $145.9 billion of the PRF to providers.[3]

This audit assessed selected dental providers' compliance with terms and conditions and Federal requirements for expending PRF payments. It is one of several Office of Inspector General (OIG) audits of various aspects of PRF payments, including: (1) HHS's and HRSA's controls related to the requirements for submitting revenue information and attesting to the acceptance or rejection of PRF payments, (2) HHS's and HRSA's controls over PRF payment calculations and provider eligibility determinations, and (3) claims for COVID-19 testing and treatment services for uninsured individuals. See Appendix B for a list of related OIG reports.

[1] Specifically, the Coronavirus Aid, Relief, and Economic Security Act, P.L. No. 116-136, signed into law on Mar. 27, 2020, appropriated $100 billion; the Paycheck Protection Program and Health Care Enhancement Act, P.L. No. 116-139, signed into law on Apr. 24, 2020, appropriated $75 billion; and the Consolidated Appropriations Act, 2021, P.L. No. 116-260, signed into law on Dec. 27, 2020, appropriated $3 billion.

[2] Under the General Distributions, PRF payments were distributed in four phases (Phases 1, 2, 3, and 4). For example, under the Phase 1 General Distribution, PRF payments were distributed to eligible Medicare providers that billed Medicare fee-for-service (Medicare Parts A or B) in calendar year (CY) 2019. Under the Targeted Distributions, PRF payments were made to eligible providers or specific provider types to address added COVID-19 challenges, such as high-need populations, including nursing facilities and providers serving individuals in rural areas and safety net hospitals.

[3] This dollar figure is based on latest PRF distribution data provided by HRSA. As of June 2023, with the passage of the Fiscal Responsibility Act of 2023, P.L. No. 118-5, Congress rescinded unobligated PRF funds, except for limited funding Congress directed be used for program oversight and administration. In response, HRSA stopped making PRF payments to providers.

OBJECTIVE

Our objective was to determine whether selected dental providers that received PRF payments complied with terms and conditions and Federal requirements for expending PRF funds.

BACKGROUND

The Provider Relief Fund

As a result of the COVID-19 public health emergency, many States ordered health care facilities, physicians, and other providers and professionals to delay elective or nonurgent procedures to conserve personal protective equipment and free up staff and facilities for COVID-19 patients.[4] Many dental providers reported that their cash reserves were quickly depleted, which could have disrupted ongoing dental provider operations. Many of these providers, especially small rural dental providers, requested financial assistance, including loans and grants.

In response to the public health emergency, the PRF was established to provide funds to eligible providers for health care-related expenses or lost revenues attributable to COVID-19.[5] HHS received a combined $178 billion in funding, of which $145.9 billion was distributed via PRF payments to providers.[6] PRF funds were distributed as direct payments to providers in a series of General and Targeted Distributions.

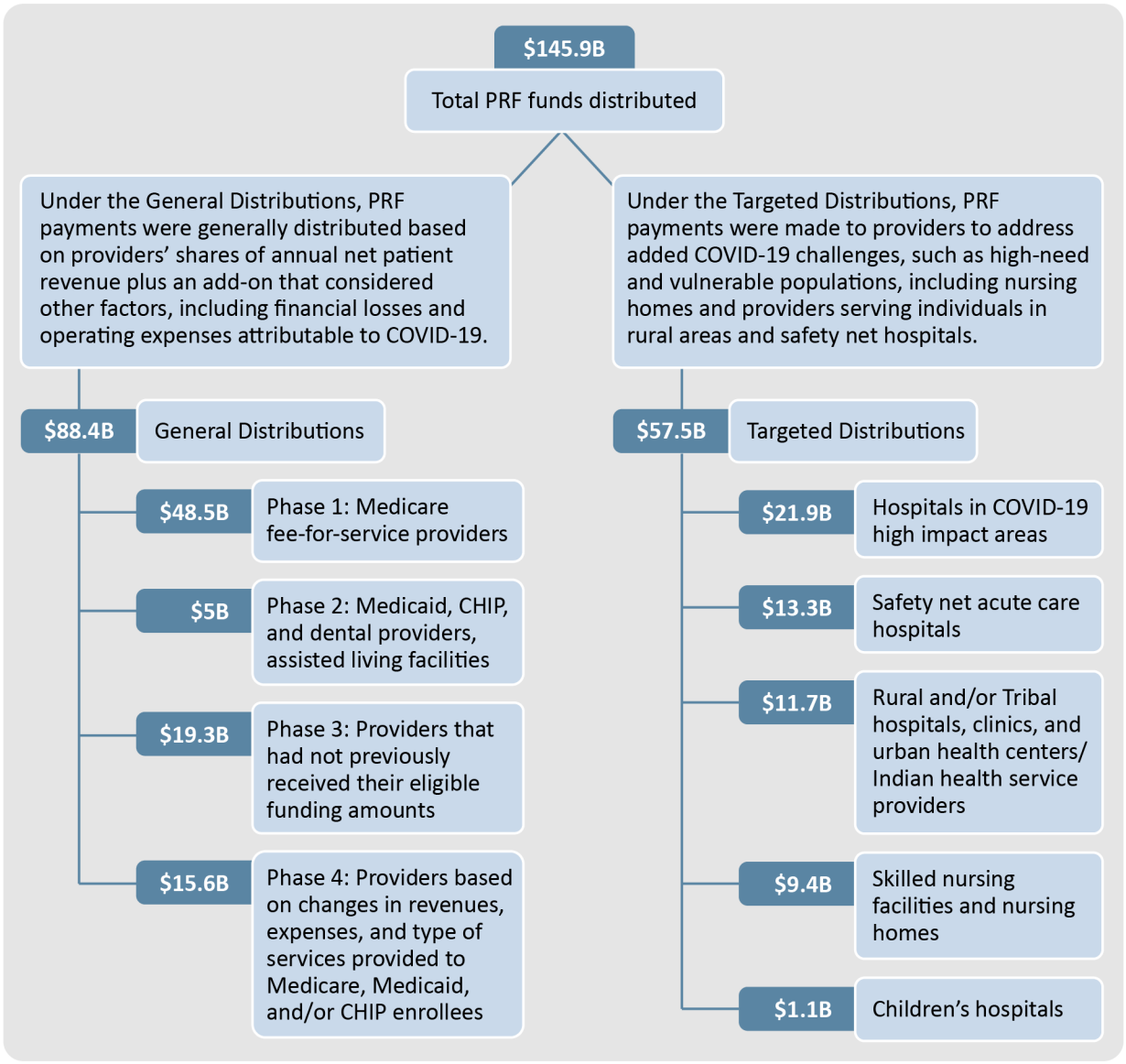
The Exhibit on the next page details the PRF distributions to health care providers. For further details on how PRF payments were distributed, see Appendix C.

[4] On Jan. 31, 2020, the Secretary of Health and Human Services declared the COVID-19 outbreak a public health emergency. Then, on Mar. 13, 2020, the President declared the COVID-19 outbreak a national emergency. Both the COVID-19 public health and national emergencies ended on May 11, 2023.

[5] Providers had up to the end of the quarter in which the public health emergency ended (June 30, 2023) to use PRF payments for any lost revenues attributable to COVID-19.

[6] Congress also appropriated $8.5 billion of COVID-19-related relief for rural providers enrolled in Medicare or Medicaid programs (American Rescue Plan Act of 2021, P.L. No. 117-2). This funding was administered by HRSA and had similar limitations and requirements as the PRF but was not part of the PRF.

Exhibit: Provider Relief Fund Distributions to Health Care Providers



Notes: Amounts for the Targeted Distributions do not add to $57.5 billion due to rounding. CHIP stands for the Children's Health Insurance Program.

HHS's and HRSA's Oversight of the Provider Relief Fund Program

The HHS Office of the Secretary was responsible for initial PRF program oversight and policy decisions. The HHS Office of the Secretary's direct responsibility for the PRF allowed HHS to meet its mission to expedite the establishment of the PRF and the distribution of funds as quickly as possible for providers' health care-related expenses or lost revenues attributable to

COVID-19. Within HHS, HRSA was responsible for providing day-to-day oversight and managed all aspects of the PRF program.[7]

HRSA provided various resources to providers on the proper use and reporting of PRF payments, including issuing a collection of evolving Frequently Asked Questions (FAQs), and other guidance on allowable expenses and lost revenue calculations.[8] HRSA also conducted technical assistance webinars on the reporting process. In addition, HRSA engaged external audit firms to conduct risk-based audits for a sample of providers to ensure that providers used PRF payments in accordance with PRF terms and conditions.

Requirements for Dental Providers That Received Provider Relief Fund Payments

Providers, including dental providers, may have been eligible to receive PRF payments from multiple distributions.[9, 10] Dental providers that received PRF payments had to comply with certain provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR part 75). Specifically, the dental providers had to comply with 45 CFR § 75.302 (Financial management and standards for financial management systems) and 45 CFR §§ 75.361 through 75.365 (Record retention and access).

As a condition of receiving PRF payments, providers agreed to the PRF terms and conditions, including meeting eligibility criteria; filing expenditure reports; and ensuring that payments were: (1) used to prevent, prepare for, or respond to COVID-19; (2) used for health care-related

[7] HHS and HRSA, *PRF General & Targeted Distribution Cycle Memo,* dated Sept. 30, 2020, and Sept. 30, 2021.

[8] HRSA, *Provider Relief Programs: Provider Relief Fund and ARP Rural Payments Frequently Asked Questions* (PRF FAQs). Accessed on June 27, 2025. HRSA, *Provider Relief Fund Distributions and American Rescue Plan Rural Distribution Post-Payment Notice of Reporting Requirements* (PRF Reporting Requirements). Accessed on June 27, 2025.

[9] PRF payments were distributed to providers based on providers' taxpayer identification numbers (TINs). Dental providers and other providers were required to report on their PRF payments if they received $10,000 or more during a specified timeframe (i.e., payment period). For providers to meet this requirement, HRSA established reporting periods, which specified when providers had to report on the use of PRF payments and were based on the payment period(s). For example, reporting periods 2 and 3 covered PRF payments received during the period from July 1, 2020, through June 30, 2021. We use the term "dental provider" to refer to a dental reporting entity. A dental reporting entity may have registered its TIN through the PRF Reporting Portal to report to HRSA on the use of PRF payments received by that TIN and TINs associated with the entity's subsidiary entities (e.g., individual dental providers). A dental provider may be a stand-alone dental provider, a dental provider group, or a parent organization.

[10] For details on General and Targeted Distribution payments, see Appendix C. In addition to PRF payments, dental providers may have received COVID-19-related assistance from other sources such as the Federal Emergency Management Agency, the Department of the Treasury, and the Small Business Administration, as well as grants and donations from local and State governments or private sources.

expenses or lost revenues (i.e., patient care revenues) attributable to COVID-19;[11] (3) not used to reimburse expenses or losses already reimbursed from other funding sources; and (4) not used to pay salaries in excess of a certain threshold or to pay for certain prohibited activities (e.g., lobbying).[12]

Provider Relief Fund Expenditures and Lost Revenues

For reporting purposes, HRSA established periods during which providers were required to use and report on PRF payments.[13] Providers, including dental providers, were required to report on their use of PRF payments in broad categories (i.e., lost revenues, health care-related expenses, or general and administrative expenses). For expenses, dental providers were required to report their use of PRF payments for health care-related expenses (e.g., expenses for purchasing equipment such as face shields and sanitizing supplies for infection control) and general and administrative expenses (e.g., salaries, utilities, rent), including expenses incurred prior to receipt of PRF payments (i.e., pre-award costs dated back to January 1, 2020).[14] Dental providers were required to follow their basis of accounting (cash or accrual basis) to determine expenses and only use PRF payments for eligible expenses or lost revenues during what is known as the period of availability.[15]

For lost revenues, dental providers could apply their PRF payments toward lost revenue amounts during a period of availability calculated using one of the following three options:

1. the difference between actual patient care revenues from 2019 and actual patient care revenues during the period of availability,

2. the difference between budgeted patient care revenues (approved by dental provider management prior to March 27, 2020) and actual patient care revenues, or

[11] Patient care means health care, services, and supports, as provided in a medical setting, at home, via telehealth, or in the community. Items not considered patient care revenue include nonpatient care dining services, grants, bad debt, any gains or losses on investments, and contractual adjustments.

[12] Recipients were not allowed to use PRF payments to pay any salary at a rate in excess of Executive Level II, which was set at $197,300 for 2020 and $199,300 for 2021.

[13] HRSA required all providers that received PRF payments exceeding $10,000 in the aggregate during any given payment-received periods (i.e., time periods in which a health care provider received one or more PRF payments) to report on their use of the payments during the applicable reporting period.

[14] HRSA, PRF Reporting Requirements.

[15] The period of availability ends 1 year after the end of the quarter or semiannual period in which the payment was received. The first payment receipt period was Apr. 10, 2020, through June 30, 2020. Subsequent payment receipt periods were 6 months.

3. any reasonable method of estimating revenues.[16]

HRSA guidance for the treatment of unallowable or ineligible expenditures of PRF funds stated that providers were allowed to replace unallowable or ineligible expenditures allocated to PRF payments in a closed reporting period with unreimbursed lost revenues in subsequent reporting periods. Providers were not required to return PRF payments used for unallowable purposes (e.g., lobbying) to the Federal Government if they had sufficient unreimbursed lost revenues to offset unallowable amounts. See Appendix D for a detailed description of how providers could choose to calculate lost revenues.

HOW WE CONDUCTED THIS AUDIT

Our audit covered $123 million in PRF payments to a nonstatistical sample of 30 dental provider taxpayer identification numbers (TINs) during the period from July 1, 2020, through June 30, 2021 (audit period). (We refer to these sample units throughout the report as "dental providers.")[17] The selected dental providers reported that they used $48.7 million of their PRF payments for general and administrative expenses, $8.3 million for health care-related expenses, and $66 million to offset lost revenues.[18] Appendix E contains details on how the selected dental providers used PRF payments issued during the audit period.

We selected the dental providers based on an analysis that considered the amount of PRF payments received and geographic location (i.e., areas most impacted by COVID-19, urban and rural areas).[19] We reviewed the dental providers' PRF payments used to cover general and administrative and health care-related expenses or to offset lost patient care revenues. Specifically, for each of the selected dental providers that reported expenditures, we reviewed a nonstatistical sample of expenses that we selected based on materiality and expense descriptions (e.g., salaries, supplies, and equipment). For the selected dental providers that

[16] For payments received in periods 5, 6, or 7, the period of availability to use PRF payments for lost revenues attributable to COVID-19 ended June 30, 2023, the end of the quarter in which the COVID-19 public health emergency ended (HRSA, PRF Reporting Requirements).

[17] The sampling frame consisted of 51,403 dental providers that received and kept 1 or more PRF payments totaling approximately $3.1 billion. PRF payment recipients had 90 days to return a payment to HHS, otherwise the recipient was deemed to have accepted the terms and conditions. Our sample included dental providers that received PRF payments issued during the audit period and for which dental providers attested to the payment terms and conditions or were deemed to have accepted the terms and conditions.

[18] Dental providers reported these amounts on expenditure reports submitted to HRSA for reporting periods 2 and 3.

[19] Our sample unit was a dental provider that reported the use of PRF General Distribution payments. Each sampled dental provider could be a stand-alone dental provider or part of a parent-subsidiary system that may include a parent company and one or more subsidiary dental providers. The 30 selected dental providers received from $441,000 to $15.7 million in PRF payments during the audit period and were located in 18 States. Twenty-two of the dental providers were stand-alone dental providers and eight were part of parent-subsidiary systems.

reported lost revenues, we reviewed the dental providers' lost revenue calculations and supporting accounting records.[20]

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A describes our audit scope and methodology.

FINDINGS

Of the 30 selected dental providers, 26 used the funds for allowable general and administrative and health care-related expenses and to offset accurately calculated lost revenues attributable to COVID-19. However, the remaining four dental providers did not comply with Federal requirements. Specifically, the four dental providers inaccurately calculated and reported lost revenues. These deficiencies occurred because although dental providers attested to the PRF terms and conditions and HRSA provided continuously updated guidance to PRF recipients, some dental providers misinterpreted HRSA's guidance on calculating patient care lost revenues and used incorrect revenue amounts in their lost revenue calculations.

As a result of these deficiencies, 4 of the 30 selected dental providers inaccurately reported lost revenues totaling $3.4 million.[21] These funds could have been used to offset allowable lost revenues or to support other activities related to the COVID-19 public health emergency, including preventing, preparing for, and responding to COVID-19.

Appendix F contains a summary of our audit results for the sampled dental providers.

SOME DENTAL PROVIDERS INACCURATELY CALCULATED AND REPORTED LOST REVENUES

PRF payment amounts not fully expended on health care-related expenses attributable to COVID-19 may be applied to lost revenues. Lost revenues can be calculated by one of three options, including determining the difference between actual 2019 patient care revenues and actual patient care revenues during the period of availability.[22, 23] In addition, HRSA's guidance for lost revenue calculations provided recipients flexibility in the reconciliation of lost revenues

[20] Of the 30 dental providers, 14 dental providers reported both expenses and lost revenues, 8 dental providers reported only expenses, and 8 dental providers reported only lost revenues.

[21] Specifically, the four dental providers inaccurately reported lost revenues totaling $3,381,110.

[22] HRSA, PRF Reporting Requirements.

[23] HRSA, "How to Calculate Lost Revenues for PRF and ARP Rural Reporting." Accessed on June 27, 2025.

among parent entities and subsidiaries. However, HRSA's FAQs stated that expenses and lost revenues may not be duplicated, and payments may not be applied to the same expenses and lost revenues that were reported on in prior reporting periods.[24]

Four dental providers inaccurately calculated and reported lost revenues totaling $3.4 million. Specifically:

- One dental provider overstated its lost revenues by $842,000 because it incorrectly used estimated revenue summary amounts instead of actual general ledger amounts to calculate its 2020 lost revenues.

- One dental provider overstated its lost revenues by $1.59 million because it incorrectly used 2019 actual patient care revenue amounts that included other nonservice revenues as the baseline to calculate its 2020 and 2021 lost revenues.

- One dental provider overstated its lost revenues by $903,000 because it incorrectly added bad debts and other revenue adjustments to gross revenues to calculate its 2020 and 2021 patient care lost revenues.[25]

- One dental provider overstated its lost revenues by $48,000 because it did not account for some prior period adjustments for dues, fees, other incomes, and refunds to calculate its 2020 and 2021 lost revenues.

CAUSES OF INACCURATELY CALCULATED AND REPORTED LOST REVENUES

These deficiencies occurred because although dental providers attested to the PRF terms and conditions and HRSA provided continuously updated guidance to PRF recipients, the dental providers misinterpreted HRSA's guidance on calculating patient care lost revenues and used incorrect revenue amounts in their lost revenue calculations.

Further, in the context of extraordinary challenges from the COVID-19 public health emergency, HRSA's operational objective at the beginning of the public health emergency was to rapidly disburse PRF payments to support providers facing severe economic hardship. In addition, some dental providers indicated that they had a lack of staffing resources and unusually high staff turnover. These and other unprecedented challenges of the pandemic may have contributed to calculation errors when dental providers reported lost revenues or caused staff to misinterpret HRSA's guidance.

[24] HRSA, PRF FAQs.

[25] The dental provider should have deducted these amounts because HRSA's definition of patient care revenue does not include bad debts and other revenue adjustments.

In addition to the recommendation below, key stakeholders and decisionmakers should use the information included in this report when determining lessons learned from administering PRF distributions during the COVID-19 public health emergency and look for additional ways to safeguard Federal funds when rapidly disbursing assistance payments to providers in response to future public health emergencies.

RECOMMENDATION

We recommend that the Health Resources and Services Administration require the four dental providers that we determined as having inaccurately calculated and reported lost revenues totaling $3.4 million to identify and return to the Federal Government any PRF payments used to offset inaccurately calculated lost revenues or replace them with allowable unreimbursed lost revenues or eligible expenses, if any.

OTHER MATTERS

PRF payment amounts not fully expended on health care-related expenses attributable to COVID-19 may be applied to patient care lost revenues. As noted previously, recipients could choose to apply PRF payments toward lost revenues using one of the following three options:

1. the difference between actual patient care revenues from 2019 and actual patient care revenues during the period of availability,

2. the difference between budgeted patient care revenues (approved by dental provider management prior to March 27, 2020) and actual patient care revenues, or

3. any reasonable method of estimating revenues.

HRSA's guidance allowed recipients to calculate lost revenues as a stand-alone quarterly calculation and consider only those quarters with lost revenues to determine total loss amounts for each reporting period.[26] Option 3 provided reporting entities additional flexibility in the reconciliation of lost revenues among parent and subsidiary entities, including the application of lost revenues attributable to COVID-19.

Twenty-two of the thirty selected dental providers reported lost revenues totaling $349.4 million. For these dental providers, we recalculated the reported lost revenues to determine what these amounts would have been on an annual basis under option 1 (i.e., comparing 2019 actual patient care revenues to 2020 and 2021 actual patient care revenues).[27] If HRSA had required reporting entities to use option 1 and annualize their revenues instead of allowing

[26] HRSA's PRF FAQs.

[27] The PRF expenditure reports for the payment period ending Dec. 31, 2020, were due on Mar. 31, 2022. The expenditure reports for the payment period ending June 30, 2021, were due on Sept. 30, 2022. Therefore, actual patient care revenues for the audit period would have been available prior to the PRF report due dates.

stand-alone quarterly calculations, 16 of the 22 dental providers would not have been able to report a total of $59 million in lost revenues and would not be able to apply PRF payments to offset this amount.[28] For any PRF payments applied against these excess lost revenue amounts, the PRF payments could have been used for other purposes that supported dental providers' activities (e.g., upgrading HVAC systems, purchasing cleaning supplies and personal protective equipment) related to the COVID-19 public health emergency. For further details, see Appendix G.

HEALTH RESOURCES AND SERVICES ADMINISTRATION COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, HRSA concurred with our recommendation and indicated that it will review the relevant records and seek repayment, as appropriate.

Regarding our Other Matters section, HRSA noted that it was legally required to allow providers to use "any reasonable" method to determine revenue losses, and OIG's analysis and conclusion were at odds with flexibilities afforded to providers.

We acknowledge that certain flexibilities were available to providers for lost revenue calculations. However, we maintain that calculating revenue losses by comparing year-over-year actual patient service revenues would have resulted in a more efficient use of PRF payments.

HRSA also provided technical comments, which we addressed as appropriate. HRSA's comments, excluding the technical comments, are included as Appendix H.

[28] Of the 22 dental providers that reported lost revenues, 17 dental providers used option 1 to report their lost revenues and 5 dental providers used option 3. The $59 million of potential savings from recalculated lost revenues includes the $3.4 million of lost revenues inaccurately calculated and reported by the four dental providers identified earlier in the report.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

We identified 51,403 dental providers that received and kept 1 or more PRF payments totaling approximately $3.1 billion during the period from July 1, 2020, through June 30, 2021 (audit period). We selected for audit a nonstatistical sample of 30 dental providers that received PRF payments from General Distributions totaling $123 million during the audit period.[29] We selected the dental providers based on a risk analysis that included geographic locations (i.e., COVID-19 high-impact areas, urban and rural areas) and total PRF payment amounts. We reviewed the selected dental providers' PRF payments used to cover general and administrative and health care-related expenses or to offset lost patient care revenues.

We limited our review of HRSA's and the selected dental providers' internal controls to those applicable to our audit objective. We did not assess HRSA's or the dental providers' overall internal control structure. Specifically, we reviewed HRSA's policies and procedures for reviewing expenditure information submitted by providers and its guidance to providers on the use and reporting of PRF payments. We also reviewed selected dental providers' policies and procedures for monitoring, tracking, and expending PRF payments.

We established reasonable assurance of the authenticity and accuracy of the PRF payment data by reconciling it with PRF expenditure reports submitted by dental providers through HRSA's PRF Reporting Portal.

We conducted our audit from June 2023 through July 2025.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and guidance, including the PRF terms and conditions and HRSA's FAQs related to providers' use of PRF payments;

- met with HRSA officials to gain an understanding of the PRF's payment terms and conditions, reporting requirements, and HRSA's monitoring and oversight activities;

- reviewed HRSA's policies and procedures related to its oversight of recipients' reporting on the use of PRF funds and compliance with the terms and conditions for PRF payments;

[29] The sampling frame consisted of 51,403 dental providers that received and kept 1 or more PRF payments totaling approximately $3.1 billion. PRF payment recipients had 90 days to return a payment to HHS, otherwise the recipient was deemed to have accepted the terms and conditions. Our sample included dental providers that received PRF payments during the audit period for which the dental providers attested to the payment terms and conditions or were deemed to have accepted the terms and conditions.

- obtained PRF payment data for General Distributions during the audit period;

- compiled a list of 51,403 dental providers nationwide that received and kept PRF payments from General Distributions;[30]

- selected a nonstatistical sample of 30 dental providers that received PRF payments based on the amounts of PRF payments received and geographical locations (areas most impacted by COVID-19 as well as urban and rural areas);[31]

- for each dental provider selected for audit, interviewed dental provider representatives; reviewed its expenditure reports submitted to HRSA and a nonstatistical sample of expenses based on materiality and expense descriptions; and analyzed supporting accounting, personnel, and other records to determine whether:

    - payments were used only to prevent, prepare for, and respond to COVID-19;

    - payments were used for health care-related or general and administrative expenses or were applied to offset eligible lost revenues attributable to COVID-19, and whether the amount for any lost revenues applied toward PRF payments was accurately calculated;[32]

    - payments were not used to pay for expenses or losses reimbursed or eligible for reimbursement from other funding sources (e.g., reimbursements from the Federal Emergency Management Agency, Medicare/Medicaid or commercial health insurance, the Paycheck Protection Program, and assistance from State or local government agencies); and

    - payments were not used to pay salaries at a rate in excess of certain thresholds or for other prohibited activities.

- discussed the results of our audit with HRSA officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions

[30] We obtained from HRSA lists of TINs associated with dental providers that received PRF payments from Phase 2 and Phase 3 General Distributions and then extracted PRF payments for these TINs from the PRF payments attestation file provided by OIG's Division of Data Analytics.

[31] The 30 selected dental providers received between $441,000 and $15.7 million in PRF payments during the audit period and were located in 18 States.

[32] We recalculated lost revenue amounts using the same option that the entity used for determining lost revenues.

based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: RELATED OFFICE OF INSPECTOR GENERAL REPORTS

Report Title	Report Number	Date Issued
Seventeen of Twenty-Five Selected Hospitals Did Not Comply or May Not Have Complied With the Provider Relief Fund Balance Billing Requirement	A-02-22-01018	9/19/2025
Eleven of Thirty Selected Hospitals Did Not Comply With Terms and Conditions and Federal Requirements for Expending Provider Relief Fund Payments	A-02-22-01003	6/11/2025
Ten of Thirty Selected Nursing Facilities Did Not Comply or May Not Have Complied With Terms and Conditions and Federal Requirements for Expending Provider Relief Fund Payments	A-05-22-00012	6/9/2025
Selected Home Health Agencies Complied With Terms and Conditions and Federal Requirements for Provider Relief Fund Payments	A-01-22-00503	11/26/2024
Seven of Thirty Hospices Reviewed Did Not Comply or May Not Have Complied With Terms and Conditions and Federal Requirements for Provider Relief Fund Payments	A-02-22-01014	11/8/2024
HRSA Made Some Potential Overpayments to Providers Under the Phase 2 General Distribution of the Provider Relief Fund Program	A-09-22-06001	3/4/2024
The Provider Relief Fund Helped Select Nursing Homes Maintain Services During the COVID 19 Pandemic, but Some Found Guidance Difficult To Use	OEI-06-22-00040	12/12/2023
HHS's Oversight of Automatic Provider Relief Fund Payments Was Generally Effective but Improvements Could Be Made	A-02-20-01025	10/30/2023
HRSA Made COVID-19 Uninsured Program Payments to Providers on Behalf of Individuals Who Had Health Insurance Coverage and for Services Unrelated to COVID-19	A-02-21-01013	7/13/2023
Targeted Provider Relief Funds Allocated to Hospitals Had Some Differences With Respect to the Ethnicity and Race of Populations Served	OEI-05-20-00580	7/12/2023
HHS's and HRSA's Controls Related to Selected Provider Relief Fund Program Requirements Could Be Improved	A-09-21-06001	9/26/2022

APPENDIX C: PROVIDER RELIEF FUND GENERAL AND TARGETED DISTRIBUTION PAYMENTS

As of October 2024, HRSA distributed $145.9 billion of the $178 billion appropriated to HHS under the PRF program. Of the $145.9 billion, $88.4 billion was distributed in General Distributions and $57.5 billion was distributed in several Targeted Distributions. A portion of the remaining $32.1 billion was distributed or allocated for HRSA's program for uninsured individuals, the COVID-19 Coverage Assistance Fund, and Phase 4 General Distribution payments.[33]

General Distributions

HRSA made General Distributions in four phases to health care providers, including Medicare providers; providers participating in Medicaid, Children's Health Insurance Program (CHIP), or Medicaid managed care plans; dentists; assisted living facilities; and behavioral health providers.

- *Phase 1 General Distribution:* HRSA distributed $48.5 billion to providers in two rounds under the Phase 1 General Distribution for eligible providers that billed Medicare fee-for-service. These funds were allocated proportional to providers' shares of annual patient service revenues.

- *Phase 2 General Distribution:* HRSA distributed $5 billion in the Phase 2 General Distribution to Medicaid, CHIP, and dental providers, as well as assisted living facilities and certain Medicare providers who did not receive a Phase 1 General Distribution payment equal to 2 percent of their total patient care revenue or had a change in ownership in 2019 or 2020. Providers were required to apply for funding and included in their applications certain financial information related to documenting revenue necessary to determine the amount that a facility would receive.

- *Phase 3 General Distribution:* HRSA distributed $19.3 billion in the Phase 3 General Distribution to providers that had not received funding in prior distributions (i.e., because they were new or because they were behavioral health providers not included in a prior allocation). Providers that had previously received PRF payments but had not received the full 2 percent of their annual patient revenue in PRF assistance were also eligible to apply for additional funds. Providers were required to apply for these funds.

- *Phase 4 General Distribution:* HRSA distributed approximately $15.6 billion in the Phase 4 General Distribution to providers based on changes in revenues and expenses as well as the amount and type of services provided to Medicare, Medicaid, and CHIP patients. Providers were required to apply for these funds.

[33] As of June 2023, with the passage of the Fiscal Responsibility Act of 2023, P.L. No. 118-5, Congress rescinded unobligated PRF funds. In response, HRSA stopped making PRF payments to providers.

Targeted Distributions

HRSA also distributed PRF funds to target certain types of providers that had high needs due to COVID-19. These included the following:

- *COVID-19 High-Impact Area Providers:* HRSA distributed nearly $22 billion in COVID-19 high-impact area payments to hospitals that had large numbers of COVID-19 inpatient admissions.[34]

- *Safety Net Hospitals and Children's Hospitals:* HRSA distributed $13.3 billion to safety net and acute care hospitals and $1.1 billion to children's hospitals.

- *Rural Providers:* HRSA distributed $11.2 billion in rural payments to rural hospitals, including rural acute care general hospitals and critical access hospitals; rural health clinics; and Federally Qualified Health Centers located in rural areas, including specialty rural hospitals, urban hospitals with certain rural Medicare designations, and hospitals in small metropolitan areas.

- *Tribal Hospitals, Clinics, and Urban Health Centers/Indian Health Service Providers:* HRSA distributed $540 million in relief funds to the Tribal hospitals, clinics, and urban health centers. These payments were based on operating expenses.

- *Skilled Nursing Facilities and Nursing Homes:* HRSA distributed $4.9 billion in skilled nursing facility distribution payments. Additionally, to help combat the devastating effects of COVID-19, HRSA distributed $4.5 billion to skilled nursing facilities and nursing homes nationwide, which included payments for infection control and quality incentive payments to nursing homes that created and maintained safe environments for their residents.

[34] Hospitals that treated 100 or more COVID-19 patients between Jan. 1 and Apr. 10, 2020, were eligible for the first round of high-impact distributions. Hospitals that treated more than 160 COVID-19 patients between Jan. 1 and June 10, 2020, were eligible for the second round of high-impact distributions.

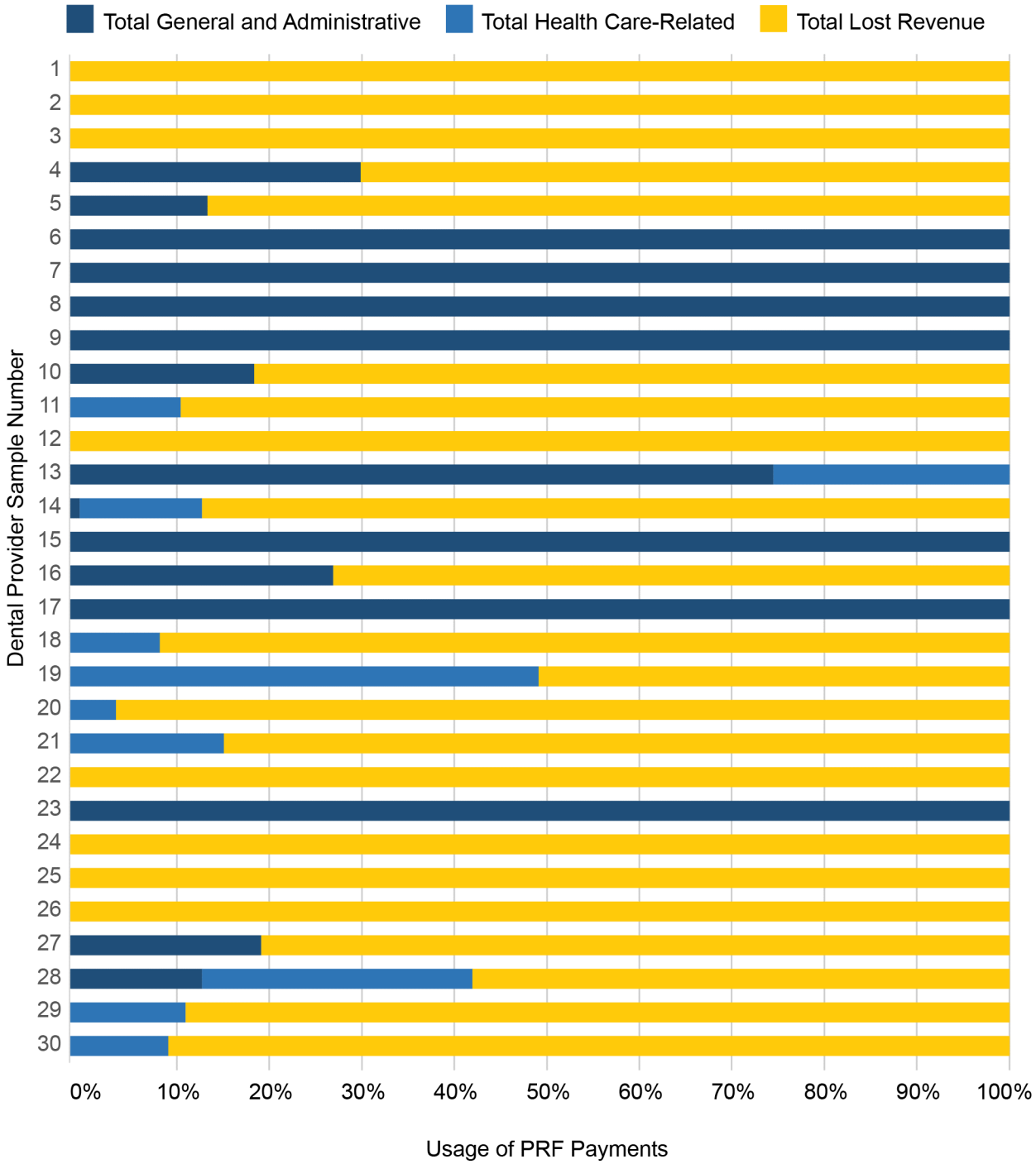
APPENDIX D: OPTIONS FOR CALCULATING LOST REVENUES

Providers, including dental providers, could use one of the following three options to calculate their lost revenues.

Lost Revenues Options	Option 1	Option 2	Option 3
Definition of Option	*The difference between actual patient care revenues from 2019 and actual patient revenues during the period of availability*	*The difference between budgeted and actual patient care revenues*	*Any reasonable method of estimating revenues*
PRF Reporting Portal Option	2019 Actual Revenue	2020 Budgeted Revenue	Alternate Reasonable Methodology
Base Period for Calculation	2019	2020 or 2021	Not prescribed
Calculation Method	Actuals vs. Actuals (e.g., Q1 2020 vs. Q1 2019)	Budget vs. Actuals	Not prescribed
Frequency of Calculation	Quarterly	Quarterly	Quarterly
Duration of Lost Revenues Period	Each quarter during the period of availability	Each quarter during the period of availability	Each quarter during the period of availability in which lost revenues were determined
Service Lines To Include in Revenues	All patient care services	All patient care services	All patient care services *(as appropriate for methodology)*
Budget Approval Date	Not applicable	Before March 27, 2020	Not prescribed

Source: HRSA, *Provider Relief Fund Lost Revenues Guide – Reporting Period 2*. Accessed on June 27, 2025.

APPENDIX E: SELECTED DENTAL PROVIDERS' REPORTED USE OF PROVIDER RELIEF FUND PAYMENTS FOR REPORTING PERIODS 2 AND 3



APPENDIX F: SUMMARY OF SAMPLED DENTAL PROVIDERS' INACCURATELY CALCULATED AND REPORTED LOST REVENUE AMOUNTS

Sample Dental Provider Number	Total PRF Payments Dental Provider Reported in Periods 2 and 3	Inaccurately Calculated and Reported Lost Revenue Amount	Reason for Inaccurately Calculated and Reported Lost Revenue Amount
1	$2,793,183	$0	
2	$1,243,109	$841,905*	Used incorrect revenue amounts for 2020
3	$2,756,249	$0	
4	$4,009,074	$0	
5	$1,641,398	$0	
6	$2,687,515	$0	
7	$6,103,505	$0	
8	$2,040,921	$0	
9	$729,013	$0	
10	$2,797,105	$0	
11	$1,659,922	$0	
12	$441,247	$0	
13	$14,629,861	$0	
14	$11,620,039	$1,587,854*	Used incorrect revenue amounts for 2019
15	$5,082,572	$0	
16	$4,550,116	$0	
17	$15,653,756	$0	
18	$1,573,165	$0	
19	$1,330,446	$0	
20	$849,556	$0	
21	$1,087,962	$903,090*	Used incorrect revenue amounts for 2020 and 2021
22	$882,499	$48,262*	Revenue adjustments from subsequent period corrections for 2020 and 2021
23	$940,000	$0	
24	$7,259,156	$0	
25	$6,326,349	$0	
26	$8,896,124	$0	
27	$2,757,768	$0	
28	$3,567,889	$0	
29	$3,654,126	$0	
30	$3,434,173	$0	

Sample Dental Provider Number	Total PRF Payments Dental Provider Reported in Periods 2 and 3	Inaccurately Calculated and Reported Lost Revenue Amount	Reason for Inaccurately Calculated and Reported Lost Revenue Amount
Total	**$122,997,797†**	**$3,381,110†**	

* We reviewed the dental provider's total lost revenue calculations for periods 1, 2, and 3, which exceeded the total PRF payments the dental provider reported for the same periods. These inaccurately calculated revenues could be used to offset PRF payments in future reporting periods.
† Amounts do not add up to the total due to rounding.

APPENDIX G: OTHER MATTERS – POTENTIAL SAVINGS CALCULATIONS

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
OIG Sample Number	**Option Dental Providers Used To Calculate Lost Revenues (1, 2, 3, or N/A)**	**Total PRF Payments Dental Providers Reported in Periods 2 and 3**	**Total Lost Revenues Dental Providers Calculated and Reported**	**Total PRF Payment Dental Providers Applied To Offset Lost Revenues in Periods 1, 2, and 3**	**Total Lost Revenues Remained After Reporting Periods 2 and 3** **(D) - (E) = (F)**	**Recalculated Lost Revenues if Dental Providers Used Option 1 and Annualized Loss Calculation**	**Total Potential Savings if Dental Providers Used Option 1 and Annualized Loss Calculation** **(D) - (G) = (H)**
1	1	$2,793,183	$31,556,225	$2,793,183	$28,763,042	$30,903,149	$653,076
2	3	$1,243,109	$12,608,490	$1,243,109	$11,365,381	$22,171,571	$0
3	1	$2,756,249	$19,162,190	$2,756,249	$16,405,941	$14,102,538	$5,059,652
4	1	$4,009,074	$9,454,034	$2,768,461	$6,685,573	$7,815,698	$1,638,337
5	3	$1,641,398	$5,559,629	$1,400,659	$4,158,970	$5,559,626	$3
6	N/A	$2,687,515	N/A	N/A	N/A	N/A	N/A
7	N/A	$6,103,505	N/A	N/A	N/A	N/A	N/A
8	N/A	$2,040,921	N/A	N/A	N/A	N/A	N/A
9	N/A	$729,013	N/A	N/A	N/A	N/A	N/A
10	1	$2,797,105	$4,955,144	$2,247,629	$2,707,515	$0	$4,955,144
11	1	$1,659,922	$8,523,021	$1,464,111	$7,058,910	$9,324,600	$0
12	1	$441,247	$1,892,758	$441,247	$1,451,511	$1,800,525	$92,234
13	N/A	$14,629,861	N/A	N/A	N/A	N/A	N/A
14	1	$11,620,039	$58,627,005	$9,981,470	$48,645,535	$51,104,961	$7,522,044
15	N/A	$5,082,572	N/A	N/A	N/A	N/A	N/A
16	1	$4,550,116	$9,003,644	$3,274,133	$5,729,511	$3,008,277	$5,995,367
17	N/A	$15,653,756	N/A	N/A	N/A	N/A	N/A

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
OIG Sample Number	**Option Dental Providers Used To Calculate Lost Revenues (1, 2, 3, or N/A)**	**Total PRF Payments Dental Providers Reported in Periods 2 and 3**	**Total Lost Revenues Dental Providers Calculated and Reported**	**Total PRF Payment Dental Providers Applied To Offset Lost Revenues in Periods 1, 2, and 3**	**Total Lost Revenues Remained After Reporting Periods 2 and 3** **(D) - (E) = (F)**	**Recalculated Lost Revenues if Dental Providers Used Option 1 and Annualized Loss Calculation**	**Total Potential Savings if Dental Providers Used Option 1 and Annualized Loss Calculation** **(D) - (G) = (H)**
18	1	$1,573,165	$6,609,583	$1,422,563	$5,187,020	$5,059,987	$1,549,596
19	3	$1,330,446	$3,546,843	$667,024	$2,879,819	$0	$3,546,843
20	1	$849,556	$3,678,971	$807,821	$2,871,150	$3,678,660	$311
21	1	$1,087,962	$5,184,344	$909,744	$4,274,600	$2,752,335	$2,432,008
22	1	$882,499	$2,966,628	$882,499	$2,084,129	$2,372,345	$594,283
23	N/A	$940,000	N/A	N/A	N/A	N/A	N/A
24	1	$7,259,156	$28,989,517	$7,259,156	$21,730,361	$28,989,517	$0
25	1	$6,326,349	$82,965,949	$6,326,349	$76,639,600	$87,164,847	$0
26	1	$8,896,124	$22,258,465	$8,896,124	$13,362,341	$9,317,446	$12,941,019
27	1	$2,757,768	$5,600,478	$2,196,179	$3,404,299	$1,527,567	$4,072,911
28	1	$3,567,889	$12,431,441	$2,040,692	$10,390,749	$10,798,675	$1,632,766
29	3	$3,654,126	$7,654,664	$3,202,820	$4,451,844	$4,295,374	$3,359,290
30	3	$3,434,173	$6,151,770	$3,073,992	$3,077,778	$3,219,333	$2,932,438
Total		**$122,997,797***	**$349,380,793**	**$66,055,215***	**$283,325,579**	**$304,967,030***	**$58,977,322**

* Amounts do not add up to the total due to rounding.

APPENDIX H: HEALTH RESOURCES AND SERVICES ADMINISTRATION COMMENTS

HRSA
Health Resources & Services Administration
Office of Federal Assistance and Acquisition Management
5600 Fishers Lane
Rockville, MD 20857

DATE: September 5, 2025

TO: Juliet T. Hodgkins
Principal Deputy Inspector General

CYNTHIA R. BAUGH -S
Digitally signed by CYNTHIA R. BAUGH -S
Date: 2025.09.10 08:33:07 -04'00'

FROM: Cynthia Baugh
Associate Administrator

SUBJECT: OIG Draft :Report A-02-24-01013

Attached is the Health Resources and Services Administration's response to the above subject report. If you have any questions, please contact Sandy Seaton in the Health Resources and Services Administration's Office of Federal Assistance and Acquisition Management at (301) 443-2432.

Attachments

Draft Report titled *"Four of Thirty Selected Dental Providers Did Not Comply With Terms and Conditions and Federal Requirements for Expending Provider Relief Fund Payments, A-02-23-01013"*
August 6, 2025

General Comments

The Health Resources and Services Administration (HRSA) appreciates the opportunity to comment on the Office of Inspector General's (OIG) draft audit report titled *"Four of Thirty Selected Dental Providers Did Not Comply With Terms and Conditions and Federal Requirements for Expending Provider Relief Fund Payments."*

HRSA's responses to the OIG Draft Report recommendations are as follows:

OIG Recommendation 1

The OIG recommended that HRSA require the four dental providers that OIG determined as having inaccurately calculated and reported lost revenues totaling $3.4 million to identify and return to the Federal Government any PRF payments used to offset inaccurately calculated lost revenues or replace them with allowable unreimbursed lost revenues or eligible expenses, if any.

HRSA Response

HRSA concurs with OIG's recommendation. HRSA will review these records and seek repayment, as appropriate.

OIG Other Matters

The OIG conducted an analysis and determined that the methodologies prescribed by HRSA resulted in dental providers reporting higher lost revenue amounts. If HRSA had required reporting entities to use "option 1" and annualize their revenues, 16 of the 22 dental providers that reported lost revenues would not have been able to report a total of $59 million in lost revenues and would not be able to apply PRF payments to offset this amount.

HRSA Response

While acknowledging OIG's analysis and conclusion, HRSA notes that the OIG analysis and conclusion are at odds with the flexibility afforded providers in statute by Congress. OIG is contemplating scenarios that HRSA does not have statutory authority to accomplish as HRSA was legally bound to allow providers to use "any reasonable method" to document lost revenue in accordance with the Consolidated Appropriations Act, 2021 (P.L. 116-260) (134 STAT. 1920). As OIG notes, HRSA has allowed dental providers to offset unallowable expenditures with amounts calculated for lost revenues but only to the extent that those lost revenues were not already reimbursed or obligated to be reimbursed by another funding source.

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Office of Inspector General
Public Affairs
330 Independence Ave., SW
Washington, DC 20201

Email: Public.Affairs@oig.hhs.gov