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Fourteen of Thirty Selected Indian Health Service and Rural Providers Did Not Comply or May Not Have Complied With Terms and Conditions and Federal Requirements for Expending Provider Relief Fund Payments



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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. These funds were distributed 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 Indian Health Service (IHS) and rural providers expended taxpayer funds in accordance with Federal and program requirements.

What OIG Found

- Of the 30 selected IHS and rural providers we reviewed, 14 providers claimed a total of \$70.6 million of unallowable PRF expenditures, and 2 of those providers also inaccurately calculated or could not support \$19.7 million of lost revenues. These 14 providers received a total of \$570.8 million in PRF payments. The remaining 16 providers used PRF payments for allowable expenditures and lost revenues.
- These deficiencies occurred because although providers attested to the PRF terms and conditions and HRSA provided continuously updated guidance to PRF recipients, some providers made clerical errors in their reporting of expenditures and did not always correctly interpret HRSA guidance or maintain documentation to support reported expenditures.

What OIG Recommends

We made three recommendations to HRSA, including that it require the selected providers to return any unallowable expenditures and lost revenue amounts to the Federal Government or ensure that the providers properly replace these unallowable expenditures with unreimbursed lost revenues or eligible expenses. The full recommendations are in the report. HRSA concurred with our recommendations.

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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, 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 Indian Health Service (IHS) facilities’ and rural providers’ compliance with terms and conditions and Federal requirements for expending PRF payments.⁴ 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.

⁴ In this report, we refer to IHS facilities and rural providers as “IHS and rural providers.”

OBJECTIVE

Our objective was to determine whether selected IHS and rural 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.⁵ Providers throughout the Nation reported that ceasing elective procedures and other services decreased revenues while their costs increased as they prepared for a potential surge of patients.⁶ Many providers reported that their cash reserves were quickly depleted, which could have disrupted ongoing hospital operations. Additionally, providers—especially rural hospitals—requested financial assistance, including loans and grants. Smaller, independent hospitals, such as rural hospitals and Critical Access Hospitals, reported that they were at greater financial risk than those in larger systems and faced more financial uncertainty.

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-19.⁷ HHS received a combined \$178 billion in funding, of which \$145.9 billion was distributed via PRF payments to providers.⁸ 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.

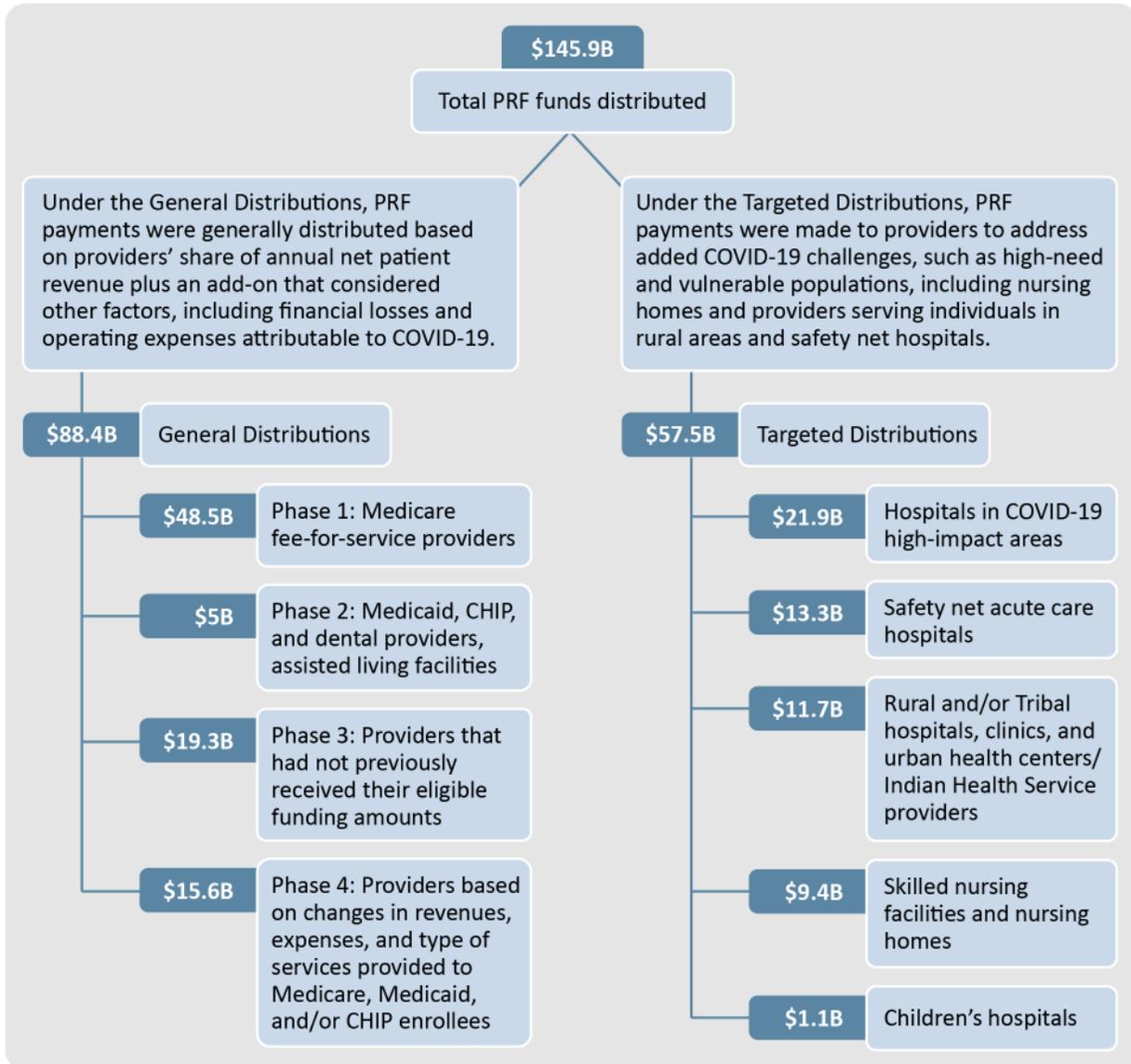
⁵ On Jan. 31, 2020, the Secretary of Health and Human Services declared the COVID-19 outbreak a public health emergency. Then, on Mar. 13, 2020, the President declared the COVID-19 outbreak a national emergency. Both the COVID-19 public health and national emergencies ended on May 11, 2023.

⁶ OIG, [Hospital Experiences Responding to the COVID-19 Pandemic: Results of a National Pulse Survey March 23–27, 2020 \(OEI-06-20-00300\)](#), Apr. 3, 2020.

⁷ Providers had up to the end of the quarter in which the public health emergency ended (June 30, 2023) to use PRF payments for lost revenues attributable to COVID-19.

⁸ 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 is 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.⁹

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.¹⁰ 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 IHS and Rural Providers That Received Provider Relief Fund Payments

IHS facilities fall into two categories: (1) facilities operated by IHS and (2) IHS-funded facilities operated by federally recognized Indian Tribes. Both provide medical and public health services primarily to American Indians and Alaska Natives who are members of federally recognized Tribes. Rural providers provide care in rural or underserved areas in the Nation. Providers, including IHS and rural providers, may have been eligible to receive PRF payments from multiple distributions. For example, a provider could have received PRF payments through the General Distribution as well as the Targeted Distribution for high-impact areas and rural providers.^{11, 12} IHS and rural 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, these 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).

⁹ HHS and HRSA, *PRF General & Targeted Distribution Cycle Memo*, dated Sept. 30, 2020, and Sept. 30, 2021.

¹⁰ HRSA, [Provider Relief Programs: Provider Relief Fund and ARP Rural Payments Frequently Asked Questions](#) (PRF FAQs). Accessed on July 23, 2025. HRSA, [Provider Relief Fund Distributions and American Rescue Plan Rural Distribution Post-Payment Notice of Reporting Requirements](#) (PRF Reporting Requirements). Accessed on July 23, 2025.

¹¹ PRF payments were distributed to providers based on providers' taxpayer identification numbers (TINs). 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 1 and 2 covered PRF payments received during CY 2020. An IHS or rural provider 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 organizations (e.g., individual hospitals). An IHS or rural provider reporting entity may be a stand-alone hospital, a hospital group, or a parent organization.

¹² For details on General and Targeted Distribution payments, see Appendix C. In addition to PRF payments, IHS and rural 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 from grants and donations from other local and State governments or private sources.

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 expenses or lost revenues (i.e., patient care revenues) attributable to COVID-19;¹³ (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).¹⁴

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.¹⁵ Providers, including IHS and rural providers, were required to report on their use of PRF payments in broad categories (i.e., lost revenue, health care-related expenses, or general and administrative expenses). For expenses, IHS and rural providers were required to report on their use of PRF payments for health care-related expenses (e.g., expenses for purchasing equipment such as ventilators 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).¹⁶ IHS and rural 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.¹⁷

For lost revenues, IHS and rural 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

¹³ 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.

¹⁴ 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.

¹⁵ HRSA required all providers that received PRF payments exceeding \$10,000 in the aggregate during any given payment-received period (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.

¹⁶ HRSA, PRF Reporting Requirements.

¹⁷ 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.

2. The difference between budgeted patient care revenues (approved by the providers' officials prior to March 27, 2020) and actual patient care revenues
3. Any reasonable method of estimating revenues¹⁸

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 are not required to return PRF payments used for unallowable purposes (e.g., lobbying) to the Federal Government if they have 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 nearly \$1.56 billion in PRF payments to a nonstatistical sample of 30 IHS and rural provider taxpayer identification numbers (TINs) during the period from April 10, 2020, through June 30, 2021 (audit period) that reported lost revenues and expenditures. (We refer to these sample units throughout the report as “providers.”)¹⁹ The selected providers reported that they used \$1 billion of their PRF payments to offset lost revenues, \$376.2 million for general and administrative expenses, and the remaining \$142.7 million for health care-related expenses.²⁰ Appendix E contains details on how the selected providers used PRF payments issued for our audit period.

We selected the providers based on an analysis that considered the amount of PRF payments received, geographic location (i.e., States with a high percentage of rural populations), and organizational structure (e.g., parent companies and subsidiary organizations).²¹ We reviewed

¹⁸ 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).

¹⁹ The sampling frame consisted of 4,516 IHS and rural providers that received and kept 1 or more PRF payments totaling approximately \$25.2 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 IHS and rural providers that received PRF payments issued from Apr. 10, 2020, through June 30, 2021, and for which providers attested to the payment terms and conditions or were deemed to have accepted the terms and conditions.

²⁰ The sampled providers reported these amounts on expenditure reports submitted to HRSA for reporting periods 1, 2, and 3. The amounts total to less than the \$1.56 billion due to rounding.

²¹ Our sample unit was an IHS or a rural provider that reported the use of PRF General and Targeted Distribution payments. Each sampled provider could have been an IHS facility, a rural provider, or part of a parent-subsidiary system that may have included a parent company and various provider types (e.g., hospitals, clinics, urgent care facilities, and physician groups). The 30 sampled providers each received more than \$5 million in PRF payments during our audit period and were located in 20 States. Two of the sampled providers were IHS facilities and 28 were part of rural provider systems that included hospitals.

the providers' PRF payments used to offset lost patient care revenues or cover general and administrative and health care-related expenses. Specifically, for each of the selected 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 providers that reported lost revenues, we reviewed the providers' lost revenue calculations.²²

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 providers, 16 used the funds for allowable general and administrative and health care-related expenses and to offset lost revenues attributable to COVID-19. However, the remaining 14 providers did not comply or may not have complied with Federal requirements. Specifically, 12 providers used PRF payments for unallowable expenditures, and 2 of these providers also inaccurately calculated or could not support their lost revenues. In addition, 2 of the 14 providers used PRF payments for potentially unallowable expenditures. These deficiencies occurred because although providers attested to the PRF terms and conditions and HRSA provided continuously updated guidance to PRF recipients, some providers made clerical errors in their reporting of expenditures and did not always correctly interpret HRSA guidance or maintain documentation to support reported expenditures.

As a result of these deficiencies, 14 of the 30 selected providers used PRF payments for unallowable expenditures totaling \$70.6 million and inaccurately calculated or could not support lost revenues totaling \$19.7 million.²³ In addition, 2 of the 14 selected providers used PRF payments for \$382,656 in expenditures that may not have been supported or allowable. 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 providers.

²² Of the 30 providers, 20 providers reported both expenses and lost revenues, 7 providers reported only lost revenues, and 3 providers reported only expenses.

²³ Unallowable expenditures totaled \$70,590,911, and inaccurately calculated or unsupported lost revenues totaled \$19,709,036.

SOME IHS AND RURAL PROVIDERS USED PROVIDER RELIEF FUND PAYMENTS FOR UNALLOWABLE EXPENDITURES AND INACCURATELY CALCULATED OR UNSUPPORTED LOST REVENUES

Salary Costs Exceeded the Federal Executive Level II Salary Limit

The PRF terms and conditions specified that PRF recipients could not use PRF payments to pay the salary of an individual at a rate in excess of Executive Level II salary levels.²⁴ The Federal Executive Level II salary level was \$197,300 in calendar year (CY) 2020 and \$199,300 in CY 2021.

Four providers used PRF payments for salaries for executives and other employees that exceeded the Executive Level II salary levels for CYs 2020 and 2021 by a total of \$1.2 million. Specifically:

- Two providers used PRF payments for salaries for 49 executives and other employees that exceeded the Executive Level II salary levels for CYs 2020 or 2021 by a total of \$900,921. The providers used PRF payments to cover salary costs for certain executives and employees based on a methodology tied to the percentage of time allocated to support actions related to COVID-19 and non-COVID-19.
- One provider used PRF payments to cover salary and fringe benefit costs for 21 executives and medical professionals that exceeded the Executive Level II salary levels for CYs 2020 and 2021 by a total of \$328,981.²⁵
- One provider used PRF payments to cover salary costs and fringe benefits for two employees whose salaries exceeded the Executive Level II threshold for CY 2020 by a total of \$5,092.

Costs Not Adequately Supported

PRF recipients must comply with certain Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR part 75). The financial management system of each PRF recipient must provide accurate, current, and complete disclosure of the financial results of each Federal award or program. The PRF recipient's records must identify the source and application of funds for federally funded activities and be supported by source documentation (45 CFR §§ 75.302(b)(2) and (3)).

²⁴ PRF terms and conditions for General and Targeted Distribution payments.

²⁵ For example, the provider used PRF funds to pay the salary of its Chief Executive Officer (CEO)—1 of the 21 executives or medical professionals. Based on an annual salary amount of \$600,000 for CY 2020, the CEO's biweekly pay amount was \$25,900. This amount was charged to the PRF for the pay period ending Apr. 26, 2020. If the provider based its calculation on the Federal Executive Level II limit for 2020, which was \$197,300, the CEO's biweekly pay amount charged to PRF would have been \$7,588 instead of the \$25,900.

Three providers did not maintain documentation to support the use of PRF payments to cover lab testing, salary, and other expenses, totaling \$10.3 million. Specifically:

- One provider used PRF payments totaling \$7.1 million for salaries and other expenses and provided forms indicating that the expenses were reclassified from one account to another account (e.g., from a Medicaid expense account to a COVID-19-related expense account). The provider did not furnish supporting documentation (e.g., a list of transactions or invoices) for the expenses.
- One provider used PRF payments of \$1.8 million for lab testing expenses and \$22,453 for salaries and wages; however, the provider did not furnish any supporting documentation for lab testing expenses or detailed information (e.g., specific dates of the expenses) for its salaries and wages.
- One provider stated that it had intended to remove \$1.4 million in expenses for COVID-19 testing in a subsequent reporting period and did not provide documentation to support the expenses.²⁶

Unallowable Costs

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 for purposes related to COVID-19 (e.g., expenses paid for purchasing equipment such as ventilators and sanitizing equipment to prevent, prepare for, or respond to COVID-19), (2) applied to offset eligible lost revenues attributable to COVID-19 (e.g., lost patient care revenue), (3) not duplicated by other funding sources, and (4) not used to reimburse salaries in excess of a certain threshold or to pay for certain prohibited activities (e.g., lobbying).

Two providers used PRF payments totaling \$36 million for expenses not related to COVID-19 and other expenses. Specifically, one provider reported to HRSA on its expenditure report that it used PRF payments of \$35.2 million for expenses (e.g., personnel and general administration expenses) that, according to the provider, were not used for purposes related to COVID-19.²⁷ The other provider reported that it used PRF payments of \$749,640 for an equipment rental expense unrelated to COVID-19 (\$26,200) and for accrued bonuses instead of actual bonuses paid (\$723,440).

²⁶ We did not confirm whether the provider removed the expenses for COVID-19 testing in a subsequent reporting period because that reporting period was outside the scope of our audit.

²⁷ The provider stated that it “attempted to enter lost revenue only and were told by HRSA hotline professionals that we had to enter expenses for the period and that [we] could not enter lost revenue alone.”

Costs Charged but Not Incurred

PRF recipients must comply with certain Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR part 75). The financial management system of each PRF recipient must provide accurate, current, and complete disclosure of the financial results of each Federal award or program. The PRF recipient's records must identify the source and application of funds for federally funded activities and be supported by source documentation (45 CFR §§ 75.302(b)(2) and (3)). PRF recipients must only use payments for eligible expenses, including services rendered and lost revenues (up to the end of the public health emergency), during the period of availability.²⁸

Two providers used PRF payments totaling \$1.9 million for expenses that were charged but not actually incurred during the period of availability. Specifically, one provider used PRF payments for unemployment insurance expenses totaling \$1.5 million that were forgiven by the State and \$57,200 for canceled drug orders. The other provider reported \$317,757 in PRF payments for expenses not incurred during the period of availability.²⁹

Costs or Losses Reimbursed or Obligated To Be Reimbursed by Other Funding Sources

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 not used to reimburse expenses or losses that had been reimbursed from other sources or had been obligated to be reimbursed by other sources.³⁰

Six providers used PRF payments for expenses or lost revenues, totaling \$20.4 million, that were reimbursed or obligated to be reimbursed by other sources. Specifically:

- One selected provider used PRF payments for lost revenues totaling \$19.7 million; however, the lost revenues were obligated to be reimbursed by other sources.³¹

²⁸ The period of availability of funds is based on the date the payment is received. HRSA, *Provider Relief Fund General and Targeted Distributions Post-Payment Notice of Reporting Requirements*, Jun. 11, 2021.

²⁹ The provider did not return to the Federal Government the \$317,757 and stated that it had additional expenses after the period of availability. For example, the supporting documentation showed that the provider incurred charges in September 2022; however, these expenses were not incurred during the period of availability (Jan. 1, 2020, through Dec. 31, 2021).

³⁰ Coronavirus Aid, Relief, and Economic Security Act, P.L. No. 116-136 (Mar. 27, 2020); PRF terms and conditions for General and Targeted Distribution payments.

³¹ The provider received funds from other Federal funding sources that were allocated for the reimbursement for lost revenues.

- Four other providers used PRF payments for expenses that were also reimbursed by other Federal funding sources (e.g., Medicare or the Federal Emergency Management Agency) totaling \$614,781.
- One provider used PRF payments for expenses that were also reimbursed by a non-Federal funding source totaling \$26,896.

Duplicate Expenses

PRF recipients must comply with certain Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR part 75). The financial management system of each PRF recipient must provide accurate, current, and complete disclosure of the financial results of each Federal award or program. The PRF recipient’s records must identify the source and application of funds for federally funded activities and be supported by source documentation (45 CFR §§ 75.302(b)(2) and (3)). Additionally, PRF payments may not be applied to the same expenses and lost revenues that were reported on in prior reporting periods.³²

Four providers used PRF payments to cover duplicate expenses totaling \$765,562. Specifically:

- Two providers used PRF payments to cover salary costs, totaling \$400,516, that were already reported in the same period.
- One provider used PRF payments to cover two payments for the same equipment, totaling \$26,318, that were already reported in the same period.
- One provider used PRF payments to cover expenses for in-house and contracted lab services, totaling \$338,728, that it already reported in a prior reporting period.

Inaccurate or Unsupported Lost Revenue Calculations

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 2019 actual patient care revenues and actual patient care revenues during the period of availability.^{33, 34} In addition, HRSA’s guidance for lost revenue calculations provided recipients flexibility in the reconciliation of lost revenues among parent entities and their subsidiaries organizations. However, HRSA’s FAQs stated that

³² HRSA, PRF FAQs.

³³ HRSA, PRF Reporting Requirements.

³⁴ HRSA, [“How to Calculate Lost Revenues for PRF and ARP Rural Reporting.”](#) Accessed on July 25, 2025.

expenses and lost revenues may not be duplicated, and payments may not be applied to the same expenses and lost revenues that were reported in prior reporting periods.

Two providers inaccurately calculated lost revenues or could not support lost revenue calculations totaling \$19.7 million. Specifically, one provider incorrectly excluded expenses that offset patient revenue, resulting in \$8.2 million in overstated lost revenues. The other provider could not support its lost revenue calculation totaling \$11.5 million. According to the provider, it did not maintain supporting documentation after undergoing a “substantial information technology update.”

SOME SELECTED PROVIDERS USED PROVIDER RELIEF FUND PAYMENTS FOR POTENTIALLY UNALLOWABLE EXPENDITURES

PRF recipients must comply with certain Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR part 75). The financial management system of each PRF recipient must provide accurate, current, and complete disclosure of the financial results of each Federal award or program. The PRF recipient’s records must identify the source and application of funds for federally funded activities and be supported by source documentation (45 CFR §§ 75.302(b)(2) and (3)).

Two providers used PRF payments to cover expenses, totaling \$382,656, that may have been unallowable because the expenses were not fully supported or reimbursed by other funding sources. Specifically:

- One provider used PRF payments to cover salary expenses totaling \$328,174 for which a portion may have been unallowable. The provider submitted documentation to support some of the expenses that we tested; however, the provider did not provide documentation for other expenses.³⁵
- One provider used PRF payments for Critical Access Hospital expenses totaling \$54,482 that may have been reimbursed by Medicare.³⁶

³⁵ Because we could not test all of these expenses, we concluded that a portion of these expenditures may have been unallowable.

³⁶ Medicare pays Critical Access Hospitals for most services provided to patients at 101 percent of reasonable costs. HRSA’s PRF FAQs state that a payment to a provider based on the provider’s Medicare cost is considered to fully reimburse the provider for the costs associated with providing care to Medicare patients, and no money from the PRF would be available for those identified Medicare costs. The selected provider did not adjust its reported PRF expenses for any expenses related to its reimbursed Critical Access Hospital costs.

CAUSES OF UNALLOWABLE AND POTENTIALLY UNALLOWABLE EXPENDITURES AND INACCURATELY CALCULATED OR UNSUPPORTED LOST REVENUES

These deficiencies occurred because although providers attested to the PRF terms and conditions and HRSA provided continuously updated guidance to PRF recipients, the providers made clerical errors in their reporting of expenditures. In addition, the providers did not always correctly interpret HRSA guidance or maintain documentation to support reported expenditures.

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 providers indicated that they experienced staff turnover and had issues entering information in HRSA's PRF Reporting Portal. These and other unprecedented challenges of the pandemic may have contributed to clerical errors when providers reported PRF expenditures or may have caused staff to misinterpret HRSA's guidance.

In addition to the recommendations 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.

RECOMMENDATIONS

- We recommend that HRSA require the 12 providers that we determined as having used PRF payments for unallowable expenditures totaling \$70,590,911 to return the unallowable amounts to the Federal Government or ensure that the providers properly replace the unallowable expenditures with allowable unreimbursed lost revenues or eligible expenses, if any.
- We recommend that HRSA require the two providers that we determined as having inaccurately calculated and reported lost revenues totaling \$19,709,036 to identify and return to the Federal Government any PRF payments inappropriately used to offset lost revenues or replace the amounts with allowable unreimbursed lost revenues or eligible expenses, if any.
- We recommend that HRSA work with the two providers that we identified as having used PRF payments totaling \$382,656 for expenditures that may have been unallowable to determine which amounts should have been allocated and require the providers to return unallowable amounts to the Federal Government or ensure that the providers properly replace these unallowable expenditures with 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 the provider officials before March 27, 2020) and actual patient care revenues
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.³⁷ 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-seven of the thirty selected providers reported lost revenues totaling \$2.3 billion. For these providers, we recalculated 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 actual patient care revenues for 2020, 2021, and the first two quarters of 2022, as applicable).³⁸ If HRSA had required reporting entities to use option 1 and annualize their revenues instead of allowing stand-alone quarterly calculations, 27 of the 30 selected providers would not have been able to report a total of \$1.5 billion in lost revenues and would not have been able to apply PRF payments to offset this amount. For any PRF payments applied against these excess lost revenue amounts, the PRF payments could have been used for other purposes that supported 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.

³⁷ HRSA, PRF FAQs.

³⁸ The PRF expenditure reports for the payment period ending June 30, 2020, were due on Sept. 30, 2021, with a grace period ending on Nov. 30, 2021. The expenditure reports for the payment period ending Dec. 31, 2020, were due on Mar. 31, 2022. Therefore, actual patient care revenues for CY 2020 would have been available before the PRF report due dates.

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

In written comments on our draft report, HRSA concurred with our recommendations 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.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

We identified 4,516 IHS and rural providers that received and kept 1 or more PRF payments totaling approximately \$25.2 billion. We selected for audit a nonstatistical sample of 30 IHS and rural providers (providers) that received PRF payments from General and certain Targeted Distributions from April 10, 2020, through June 30, 2021, totaling \$1.56 billion.³⁹ We selected providers based on a risk analysis that included geographic location (i.e., States with a high percentage of rural populations), total PRF payment amounts, and organizational structure (providers with a parent and subsidiary organization relationship). We reviewed the selected providers' use of PRF payments received from General and certain Targeted Distributions.

We limited our review of HRSA's and the selected providers' internal controls to those applicable to our audit objective. We did not assess HRSA's or the 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 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 IHS and rural providers through HRSA's PRF Reporting Portal.

We conducted our audit from February 2023 through December 2025.

METHODOLOGY

We took the following steps to accomplish our objective:

- 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

³⁹ 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 IHS and rural providers that received PRF payments from Apr. 10, 2020, through June 30, 2021 (first three periods for which providers received General and certain Targeted Distribution funds), for which the providers attested to the payment terms and conditions or were deemed to have accepted the terms and conditions.

- Obtained PRF payments data for General and Targeted Distributions
- Created a list of IHS and rural providers that received PRF payments from General Distributions and certain Targeted Distributions⁴⁰
- Selected a nonstatistical sample of 30 IHS and rural providers that received PRF payments based on the amount of PRF payments received, geographic locations (States with a high percentage of urban and rural areas), and organizational structure (providers with a parent and subsidiary organization relationship)⁴¹
- For each selected provider, interviewed IHS and rural provider officials; 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 calculated⁴²
 - 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)
 - 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

⁴⁰ We obtained from HRSA lists of TINs associated with IHS and rural providers that received PRF payments from the Targeted Distributions. We then extracted PRF payments (from the General and Targeted Distributions) for these TINs from the PRF payments attestation file provided by OIG's Division of Data Analytics.

⁴¹ The sampling frame consisted of 4,516 IHS and rural providers that received and kept 1 or more PRF payments totaling approximately \$25.2 billion.

⁴² 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
<i>Nine of Thirty Selected Assisted Living Facilities Did Not Comply With Terms and Conditions and Federal Requirements for Expending Provider Relief Fund Payments</i>	<u>A-02-23-01012</u>	12/17/2025
<i>Four of Thirty Selected Dental Providers Did Not Comply With Terms and Conditions and Federal Requirements for Expending Provider Relief Fund Payments</i>	<u>A-02-23-01013</u>	11/25/2025
<i>Seventeen of Twenty-Five Selected Hospitals Did Not Comply or May Not Have Complied With the Provider Relief Fund Balance Billing Requirement</i>	<u>A-02-22-01018</u>	9/19/2025
<i>Eleven of Thirty Selected Hospitals Did Not Comply With Terms and Conditions and Federal Requirements for Expending Provider Relief Fund Payments</i>	<u>A-02-22-01003</u>	6/11/2025
<i>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</i>	<u>A-05-22-00012</u>	6/9/2025
<i>Selected Home Health Agencies Complied With Terms and Conditions and Federal Requirements for Provider Relief Fund Payments</i>	<u>A-01-22-00503</u>	11/26/2024
<i>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</i>	<u>A-02-22-01014</u>	11/8/2024
<i>HRSA Made Some Potential Overpayments to Providers Under the Phase 2 General Distribution of the Provider Relief Fund Program</i>	<u>A-09-22-06001</u>	3/4/2024
<i>The Provider Relief Fund Helped Select Nursing Homes Maintain Services During the COVID-19 Pandemic, but Some Found Guidance Difficult To Use</i>	<u>OEI-06-22-00040</u>	12/12/2023
<i>HHS's Oversight of Automatic Provider Relief Fund Payments Was Generally Effective but Improvements Could Be Made</i>	<u>A-02-20-01025</u>	10/30/2023
<i>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</i>	<u>A-02-21-01013</u>	7/13/2023
<i>Targeted Provider Relief Funds Allocated to Hospitals Had Some Differences With Respect to the Ethnicity and Race of Populations Served</i>	<u>OEI-05-20-00580</u>	7/12/2023
<i>HHS's and HRSA's Controls Related to Selected Provider Relief Fund Program Requirements Could Be Improved</i>	<u>A-09-21-06001</u>	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.⁴³

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 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.

⁴³ As of June 2023, with the passage of the Fiscal Responsibility Act of 2023, P.L. No. 118-5, Congress rescinded some unobligated PRF funds. In response, HRSA stopped making PRF payments to providers.

Targeted Distributions

HRSA also distributed PRF funds to 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.⁴⁴
- *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 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.

⁴⁴ 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.

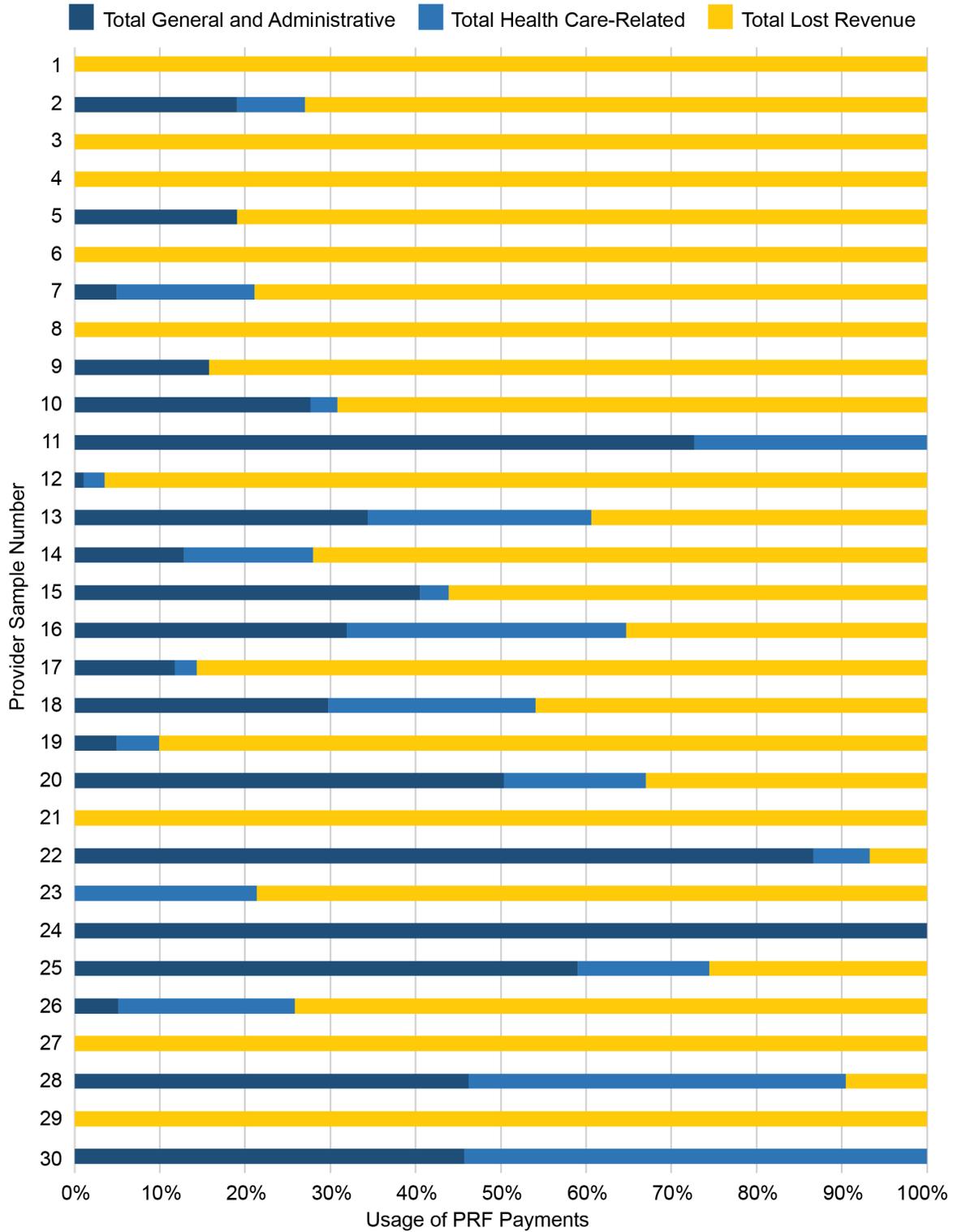
APPENDIX D: OPTIONS FOR CALCULATING LOST REVENUES

Providers could use one of the following options to calculate their lost revenues.

Lost Revenues Options	Option 1	Option 2	Option 3
<i>Definition of Option</i>	<i>The difference between actual patient care revenues from 2019 and actual patient care revenues during the period of availability</i>	<i>The difference between budgeted and actual patient care revenues</i>	<i>Any reasonable method of estimating revenues</i>
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 1](#), August 2021. Accessed on July 22, 2025.

APPENDIX E: SELECTED IHS AND RURAL PROVIDERS' REPORTED USE OF PROVIDER RELIEF FUND PAYMENTS FOR OUR AUDIT PERIOD



APPENDIX F: SUMMARY OF SAMPLED IHS AND RURAL PROVIDERS' UNALLOWABLE EXPENDITURES AND INACCURATELY CALCULATED LOST REVENUE AMOUNTS

Sample Provider No.	Total PRF Payments Provider Reported in Periods 1, 2, and 3	Unallowable Expenditures and Inaccurately Calculated or Unsupported Lost Revenue Amounts	Reason(s) for Unallowable Expenditures and Inaccurately Calculated Lost Revenue Amount
1	\$80,988,568	-	
2	\$174,100,422		
3	\$90,677,783	-	
4	\$97,362,961	-	
5	\$155,062,049	-	
6	\$91,496,842	-	
7	\$12,172,242	\$1,883,227	Costs not adequately supported Costs or losses reimbursed or obligated to be reimbursed by other funding sources
8	\$11,454,600	\$11,454,600	Inaccurate or unsupported lost revenue calculations
9	\$10,716,946	-	
10	\$57,642,599	\$657,767	Salary costs exceeded Federal salary limit Duplicate expenses
11	\$40,114,033	\$643,670	Salary costs exceeded Federal salary limit Duplicate expenses
12	\$74,661,226	\$1,532,431	Costs or losses reimbursed or obligated to be reimbursed by other funding sources Costs not adequately supported
13	\$10,236,149	-	
14	\$10,879,289	-	
15	\$11,542,226	-	
16	\$8,299,315	-	
17	\$7,405,803	-	
18	\$6,619,479	\$26,318	Duplicate expenses
19	\$6,378,412	\$219,182	Costs or losses reimbursed or obligated to be reimbursed by other funding sources

Sample Provider No.	Total PRF Payments Provider Reported in Periods 1, 2, and 3	Unallowable Expenditures and Inaccurately Calculated or Unsupported Lost Revenue Amounts	Reason(s) for Unallowable Expenditures and Inaccurately Calculated Lost Revenue Amount
20	\$5,540,536	\$27,166	Costs or losses reimbursed or obligated to be reimbursed by other funding sources
21	\$28,210,563	-	
22	\$37,723,349	\$35,193,718	Unallowable costs
23	\$123,492,416	\$5,092	Salary costs exceeded Federal salary limit
24	\$122,395,050	-	
25	\$77,556,873	-	
26	\$83,084,256	\$8,254,436	Inaccurate or unsupported lost revenue calculations
27	\$15,995,513	-	
28	\$69,864,638	\$3,283,393	Unallowable costs Costs charged but not incurred Duplicate expenses Costs or losses reimbursed or obligated to be reimbursed by other funding sources Salary costs exceeded Federal salary limit
29	\$19,741,648	\$19,741,648	Costs or losses reimbursed or obligated to be reimbursed by other funding sources
30	\$22,323,451	\$7,377,299	Costs charged but not incurred Costs not adequately supported
Total	\$1,563,739,237	\$90,299,947	

APPENDIX G: OTHER MATTERS – POTENTIAL SAVINGS CALCULATIONS

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
OIG Sample Number	Option Providers Used To Calculate Lost Revenues (1, 2, 3, or NA)	Total PRF Payments Providers Reported in Periods 1, 2, and 3	Total Lost Revenues Providers Calculated and Reported	Total PRF Payment Providers Applied To Offset Lost Revenues in Periods 1, 2, and 3	Total Lost Revenues Remained After Reporting Periods 1, 2, and 3 (D) - (E) = (F)	Recalculated Lost Revenues if Providers Used Option 1 and Annualized Loss Calculation	Total Potential Savings if Providers Used Option 1 and Annualized Loss Calculation (D) - (G) = (H)
1	3	\$80,988,568	\$80,988,568	\$80,988,568	\$0	\$69,539,115	\$11,449,453
2	3	\$174,100,422	\$470,524,331	\$126,714,156	\$343,810,175	\$0	\$470,524,331
3	3	\$90,677,783	\$114,040,898	\$90,677,783	\$23,363,115	\$0	\$114,040,898
4	3	\$97,362,961	\$100,232,921	\$97,362,961	\$2,869,960	NA*	NA
5	3	\$155,062,049	\$348,066,339	\$125,513,812	\$222,552,527	\$108,057,467	\$240,008,872
6	3	\$91,496,842	\$162,992,119	\$91,496,842	\$71,495,277	\$35,913,416	\$127,078,703
7	3	\$12,172,242	\$18,083,408	\$9,609,626	\$8,473,782	\$6,733,496	\$11,349,912
8	3	\$11,454,600	\$20,158,143	\$11,454,600	\$8,703,543	\$20,158,143	\$0
9	1	\$10,716,946	\$17,700,089	\$9,032,028	\$8,668,061	\$20,119,379	\$(2,419,290)
10	3	\$57,642,599	\$83,710,019	\$39,896,042	\$43,813,977	\$0	\$83,710,019
11	NA	\$40,114,033	Did not use PRF to offset lost revenues	NA	NA	NA	NA
12	3	\$74,661,226	\$118,338,382	\$72,080,530	\$46,257,852	\$218,787,677	\$(100,449,295)
13	1	\$10,236,149	\$7,601,213	\$4,030,307	\$3,570,906	\$7,399,788	\$201,425
14	3	\$10,879,289	\$8,156,394	\$7,839,548	\$316,846	\$5,299,526	\$2,856,868
15	3	\$11,542,226	\$7,574,525	\$6,474,654	\$1,099,871	\$2,280,831	\$5,293,694
16	1	\$8,299,315	\$2,928,621	\$2,928,621	\$0	\$0	\$2,928,621
17	3	\$7,405,803	\$7,036,782	\$6,348,109	\$688,673	\$0	\$7,036,782

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
OIG Sample Number	Option Providers Used To Calculate Lost Revenues (1, 2, 3, or NA)	Total PRF Payments Providers Reported in Periods 1, 2, and 3	Total Lost Revenues Providers Calculated and Reported	Total PRF Payment Providers Applied To Offset Lost Revenues in Periods 1, 2, and 3	Total Lost Revenues Remained After Reporting Periods 1, 2, and 3 (D) - (E) = (F)	Recalculated Lost Revenues if Providers Used Option 1 and Annualized Loss Calculation	Total Potential Savings if Providers Used Option 1 and Annualized Loss Calculation (D) - (G) = (H)
18	3	\$6,619,479	\$3,041,434	\$3,041,434	\$0	\$4,126,126	\$(1,084,692)
19	2	\$6,378,412	\$5,749,114	\$5,749,114	\$0	\$0	\$5,749,114
20	2	\$5,540,536	\$2,414,325	\$1,828,528	\$585,797	\$0	\$2,414,325
21	3	\$28,210,563	\$31,633,455	\$28,210,563	\$3,422,892	\$27,166,742	\$4,466,713
22	3	\$37,723,349	\$56,784,296	\$2,529,631	\$54,254,665	\$24,855,659	\$31,928,637
23	3	\$123,492,416	\$282,191,134	\$97,165,421	\$185,025,713	\$88,764,621	\$193,426,513
24	NA	\$122,395,050	Did not use PRF to offset lost revenues	NA	NA	NA	NA
25	3	\$77,556,873	\$161,252,296	\$19,832,052	\$141,420,244	\$7,086,309	\$154,165,987
26	1	\$83,084,256	\$64,231,264	\$61,625,202	\$2,606,062	\$34,282,868	\$29,948,396
27	3	\$15,995,513	\$18,914,404	\$15,995,513	\$2,918,891	\$0	\$18,914,404
28	3	\$69,864,638	\$85,906,733	\$6,639,813	\$79,266,920	\$0	\$85,906,733
29	1	\$19,741,648	\$29,415,448	\$19,741,648	\$9,673,800	\$23,050,309	\$6,365,139
30	NA	\$22,323,451	Did not use PRF to offset lost revenues	NA	NA	NA	NA
Total		\$1,563,739,237	\$2,309,666,655	\$1,044,807,106	\$1,264,859,549	\$703,621,472	\$1,505,812,262

*We did not recalculate the annualized lost revenue under option 1 because the sample item was a parent company that derived its lost revenue based on its subsidiaries using option 3. A recalculation would not result in a meaningful comparison or be consistent with the other recalculations.

APPENDIX H: HEALTH RESOURCES AND SERVICES ADMINISTRATION COMMENTS



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



DATE: January 15, 2026

TO: T. March Bell
Inspector General

FROM: Cynthia Baugh
Associate Administrator

**CYNTHIA R.
BAUGH -S** Digitally signed by CYNTHIA
R. BAUGH -S
Date: 2026.01.15 08:02:19
-05'00'

SUBJECT: OIG Draft Report: A-09-23-01001

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

Health Resources and Services Administration
www.hrsa.gov

*Fourteen of Thirty Selected Indian Health Service and Rural Providers Did Not Comply or May Not Have Complied With Terms and Conditions and Federal Requirements for Expending Provider Relief Fund Payments, A-09-23-01001
OIG Draft Report
Dated December 17, 2025*

General Comments

The Health Resources and Services Administration (HRSA) appreciates the opportunity to comment on the above draft report. HRSA's responses to the OIG Draft Report recommendations are as follows:

OIG Recommendation 1

The OIG recommended that HRSA require the 12 providers determined as having used PRF payments for unallowable expenditures totaling \$70,590,881 to return the unallowable amounts to the Federal Government or ensure that the providers properly replace the unallowable expenditures with allowable unreimbursed lost revenues or eligible expenses, if any.

HRSA Response

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

OIG Recommendation 2

The OIG recommended that HRSA require the two providers determined as having inaccurately calculated and reported lost revenues totaling \$19,709,036 to identify and return to the Federal Government any PRF payments inappropriately used to offset lost revenues or replace the amounts with allowable unreimbursed lost revenues or eligible expenses, if any.

HRSA Response

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

OIG Recommendation 3

The OIG recommended HRSA work with the two providers that were identified as having used PRF payments totaling \$382,656 for expenditures that may have been unallowable to determine which amounts should have been allocated and require the providers to return unallowable amounts to the Federal Government or ensure that the providers properly replace these unallowable expenditures with unreimbursed lost revenues or eligible expenses, if any.

HRSA Response

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

Fourteen of Thirty Selected Indian Health Service and Rural Providers Did Not Comply or May Not Have Complied With Terms and Conditions and Federal Requirements for Expending Provider Relief Fund Payments, A-09-23-01001
OIG Draft Report
Dated December 17, 2025

OIG Other Matters

The OIG conducted an analysis and determined that the methodologies prescribed by HRSA resulted in selected providers reporting higher lost revenue amounts. If HRSA had required reporting entities to use “option 1” and annualize their revenues, 27 of the 30 selected providers would not have been able to report a total of \$1.5 billion 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.920). As OIG notes, HRSA has allowed 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.

Report Fraud, Waste, and Abuse

OIG Hotline Operations accepts tips and complaints from all sources about potential fraud, waste, abuse, and mismanagement in HHS programs. Hotline tips are incredibly valuable, and we appreciate your efforts to help us stamp out fraud, waste, and abuse.



[TIPS.HHS.GOV](https://tips.hhs.gov)

Phone: 1-800-447-8477

TTY: 1-800-377-4950

Who Can Report?

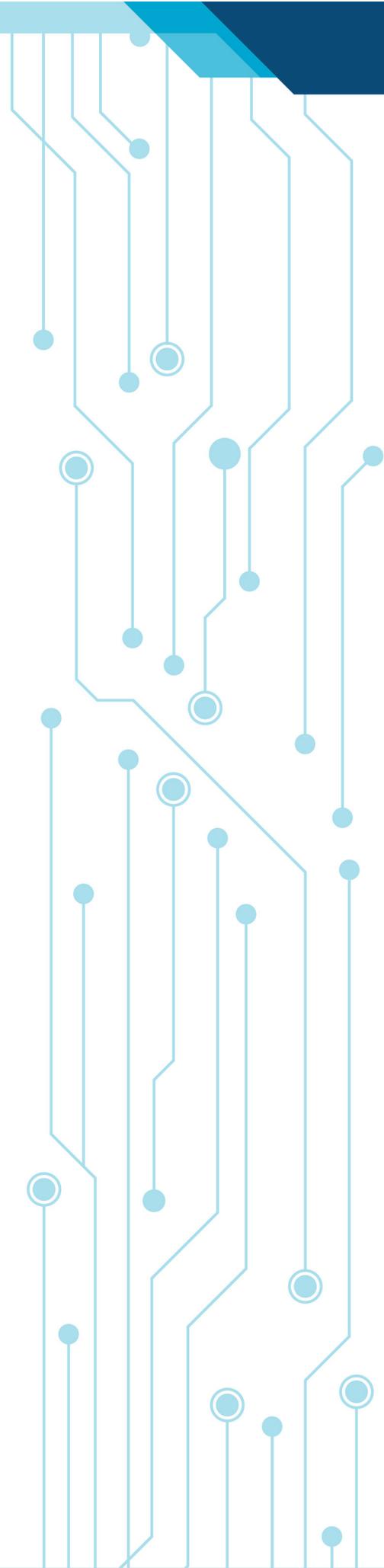
Anyone who suspects fraud, waste, and abuse should report their concerns to the OIG Hotline. OIG addresses complaints about misconduct and mismanagement in HHS programs, fraudulent claims submitted to Federal health care programs such as Medicare, abuse or neglect in nursing homes, and many more. [Learn more about complaints OIG investigates.](#)

How Does It Help?

Every complaint helps OIG carry out its mission of overseeing HHS programs and protecting the individuals they serve. By reporting your concerns to the OIG Hotline, you help us safeguard taxpayer dollars and ensure the success of our oversight efforts.

Who Is Protected?

Anyone may request confidentiality. The Privacy Act, the Inspector General Act of 1978, and other applicable laws protect complainants. The Inspector General Act states that the Inspector General shall not disclose the identity of an HHS employee who reports an allegation or provides information without the employee's consent, unless the Inspector General determines that disclosure is unavoidable during the investigation. By law, Federal employees may not take or threaten to take a personnel action because of [whistleblowing](#) or the exercise of a lawful appeal, complaint, or grievance right. Non-HHS employees who report allegations may also specifically request confidentiality.



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