

## MEMORANDUM

To: Chief Financial Officers – All Hospitals

From: Dennis N. Phelps – Deputy Director,  
Audit and Compliance

Date: November 30, 2020

Re: Reporting Federal CARES Act Funding

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The staff of the Health Services Cost Review Commission (“HSCRC”) has received several inquiries regarding the reporting of federal CARES Act funding in the Annual Report of Revenues, Expenses, and Volumes (“Annual Report”) and the monthly Financial Statement Summary (FSA & FSB). The HSCRC is waiting further federal guidance on the use of CARES Act funding and the compilation of year end cost data to make final determinations regarding HSCRC rate compliance and allowable revenue.

Hospitals should consult with their auditor firms and financial advisors and report the CARES Act funding revenue in the FS schedules and in the Annual Report in a manner consistent with how it is reported in their audited financial statements with respect to income statement/balance sheet classification, entity, and period (FY2020 vs. FY2021). Hospitals should document, as part of their Annual Report: 1) how the CARES Act funding is reported in their Annual Report; 2) the basis for determining the period the funding applies to; and 3) the basis for determining how much is reported as regulated revenue vs. unregulated revenue. Once Annual Reports are received and reviewed, staff will contact hospitals to clarify any questions about reporting and reconcile the amounts to the applicable federal reports.

Although, the CARES Act funding reported in the Annual Report will be utilized to support rate compliance and allowable revenue decisions, it will not be the final determinant of whether the funding is considered to be

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regulated or unregulated revenue or the period that it is assigned to. HSCRC staff will review the total CARES Act funding before determining its application to global budgets and hospital charges.

If you have any questions, you may contact me at [dennis.phelps@maryland.gov](mailto:dennis.phelps@maryland.gov).