

STATE AUDITOR DOUG HOFFER

Press Release

This PR deals with our latest audit of Vermont's use of COVID funds. The findings are especially timely since the Senate is actively considering the request from the Governor to add tens of millions of dollars to the Capital Investment Program that my office [has warned](#) raises serious risks for noncompliance with the newly finalized federal rules. –Doug

STATE AUDITOR DOUG HOFFER Press Release

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Auditor Hoffer Evaluates Vermont's COVID Health Care Provider Grants *Extremely Fast Grant Process Led to Millions in Improper Payments*

MONTPELIER, VT – State Auditor Doug Hoffer released an audit today of Vermont's Health Care Stabilization Grant Program. Administered by the Agency of Human Services (AHS), the program issued 323 grant awards totaling \$143.6 million to a wide range of health care providers. The audit reviewed \$92.7 million of the awards and found that more than half of those payments – representing \$7 million or 8% of the total grant money reviewed – were either too large or should not have been made at all per state statute and federal COVID rules.

Hoffer said: “The first year of the pandemic greatly disrupted Vermont's health care system, and the Agency of Human Services acted quickly to deploy federal COVID money to allow health facilities to pay their bills. By moving so quickly, though, the application review process was not comprehensive. As a result, millions were distributed to entities who had not demonstrated they needed it, or to some whose use of the funds was contrary to state and federal rules. Every dollar that was improperly awarded was *not* available for other urgent needs like meals programs or housing assistance.”

The Health Care Stabilization Grant Program was designed to protect health care providers from lost revenue caused by the pandemic, and to cover expenses directly related to addressing COVID. The size of each grant was to be reduced by any other federal COVID funding the provider had received to avoid duplication. The audit encountered a variety of reasons AHS made overpayments, including:

- Data in some providers' applications did not agree with their supporting documentation or were inconsistent with Federal or State requirements.
- Amounts received from other COVID-19 financial assistance programs were not correctly identified and therefore not used to reduce the award.
- AHS's application review process did not always notice when a provider did not submit required documentation or had submitted inconsistent or incomplete data.

- AHS did not always follow-up with the provider on issues identified during its review. In light of the audit’s findings, it is critical that AHS perform a thorough post-award validation review of awards to reveal any other improper payments. After receiving a draft copy of the audit, which raised concerns with the limited approach AHS intended to take, the Agency has improved their validation plan to review more applications and with more vigor. However, the Auditor remains concerned that AHS does not plan to determine if applicants received other federal COVID support, which could put Vermont taxpayers at significant risk.

Hoffer said: “Because so many health care providers performed so admirably during the pandemic and health care workers endured such stress, it can be tempting to shrug off findings that Health Care Stabilization grants were too large or shouldn’t have been made under state and federal requirements. But if the federal government identifies overpayments or improper use of COVID funds, the taxpayers of Vermont will be the ones who shoulder the burden of paying the money back. That’s why this audit, and [our earlier review of the Economic Recovery Grant program](#) which had similar findings, are so important. It’s not about criticizing the intent of the program; it’s about ensuring the money was used the way it was supposed to be.”

To view the report, please click [here](#).