COVID-19 Financial Assistance Programs Roundtable

Patrick Godbey, MD, FCAP
Jonathan Myles, MD, FCAP
Anthony Battistone, BS, SSGB

April 28, 2020
Welcome

Patrick Godbey, MD, FCAP
President

• Welcome
• Today, we’re focusing on small business assistance programs available during this national emergency, the CAP’s Advocacy, and tools the CAP has developed to help practices
Topics for Today’s Discussion

Our topics today:

- CAP Advocacy concerning economic relief for pathologists
- Government assistance programs for pathologists and their laboratories
- Resources from the Practice Management Committee
- Practice management guidance for practice leaders
Jonathan Myles, MD, FCAP

Chair – Council on Government and Professional Affairs (CGPA)

Board certified A/P and C/P
Fellowship in A/P and C/P
Cleveland Clinic, Ohio
Anthony Battistone

Senior Manager, Practice Management

Certified Specialist – Physician Practice Management

25+ years in Healthcare and laboratory management

Six Sigma Green Belt
Reminder

• Before we get started …

• On April 23, the CAP sent to CAP-accredited laboratory directors an invitation to take a survey about the impact of the COVID-19 pandemic on facilities and staffs

• Survey responses will shape the direction of the CAP’s public policy efforts on behalf of laboratories affected by this crisis

• If you’re a CAP-accredited laboratory and did not receive the survey invitation, please email practicesurvey@cap.org

• Our survey is scheduled to close later this week
Government Assistance Programs
CAP Pushes Congress to Give Pathologists Greater Economic Relief

• CAP continues to lobby Congress to support pathologists

• In an April 14 letter, the CAP asked Congress to:
  o Mitigate an 8% cut to pathology services in 2021
  o Increase funding for the Paycheck Protection Program and ensure adequate financial support for physicians and their practices
  o Support residents and medical students by providing at least $20,000 of federal student loan forgiveness/tuition relief
  o Adjust repayment provisions in the Medicare Accelerated and Advanced Payment program, including increasing the time to repay loans and reducing the interest rate
Congressional Action on Small Business Assistance

• Coronavirus Aid, Relief, and Economic Security (CARES) Act:
  o Sets $350 billion to provide relief for small businesses
  o Temporarily lifts budget sequester, which reduces payments by 2%, on Medicare
  o Add-on payment of 20% to Medicare’s hospital inpatient system for COVID-19 patients
  o Pauses scheduled Medicare cuts to clinical laboratory services in 2021
  o Directs $130 billion to hospitals to cope with surge capacity

• Paycheck Protection Program and Health Care Enhancement Act
  o Adds $310 billion for the Paycheck Protection Program (funding had run out on April 16)
  o Adds $10 billion for Economic Injury Disaster Loan (EIDL) grants
  o Adds $50 billion for the SBA EIDL Program Account
  o Spends $100 billion to support hospitals, physicians, and other providers
Medicare Accelerated/Advance Payment Program

• Suspended as of April 26
• Offers three-month advance on your Medicare revenue
• You have 210 days from the date of accelerated/advance payment was made to repay the balance
• CAP is working in Washington to refine the program further
  o Extend the timeframe for repayment.
  o Reduce the interest rate from 10.25%
Paycheck Protection Program

- Loans offer 2.5 times the average monthly payroll costs (up to $10 million)
- Carries a 0.5% fixed rate due over 2 years
- Loans can be used for payroll, interest on mortgages, rent, and utilities
- Regulated lenders are approved and enrolled in this program
- Funding is limited and may run out!
Economic Injury Disaster Loans (EIDL) Advance

• The new economic injury grant program provides up to $10,000 to small businesses and private nonprofits harmed by COVID-19 within three days of applying for an EIDL loan.

• The EIDL program provides loans of up to $2 million to small businesses with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons) that are experiencing temporary loss of revenue as a result of COVID-19.
Other SBA Loans and Debt Relief

- 7(a) program offer loan amounts up to $5 million
  - Use for working capital, renovation, equipment, etc.
- Express loan program offers up to $350,000, available within 36 hours
  - Proceeds the same as the 7(a) loan
- 504 loan program for job creation and retention
- Microloan program involves loans through nonprofit lending organizations to underserved markets
Go to SBA.gov for more information
Practice Management

Resources and Guidance
Practice Management Resources

• Roadmaps to Preparation and Application
  o Paycheck Protection Program
    – Paycheck Program Calculator
  o Accelerated and Advanced Payment for Medicare Providers
  o Economic Injury Disaster Loan
  o Volume – Revenue Impact Calculator
Paycheck Protection Program

• Roadmap - Provides guidance on:
  o Criteria and calculation of eligible payroll expenses
  o Terms, conditions and use of funds
  o Loan “forgiveness” criteria
  o Required documents to complete the application

• Paycheck Program Calculator
  o Enter your eligible payroll expenses for each period
  o The calculator will summarize
    - Eligible monthly payroll expenses
    - Estimated loan amount
    - Use of funds to meet debt forgiveness rules

<table>
<thead>
<tr>
<th>Practice Payroll Data</th>
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</thead>
<tbody>
<tr>
<td>Paycheck Protection Program Calculations</td>
</tr>
<tr>
<td>No Data Entry is Required</td>
</tr>
<tr>
<td>Total Number of Employees (02-15-20)</td>
</tr>
<tr>
<td>Total Eligible Payroll Expense</td>
</tr>
<tr>
<td>Total State Unemployment Paid by Practice</td>
</tr>
<tr>
<td>Total Health Care Premium Expense</td>
</tr>
<tr>
<td>Total Retirement Benefits Paid</td>
</tr>
<tr>
<td>State and local payroll taxes paid by practice</td>
</tr>
<tr>
<td>Total:</td>
</tr>
<tr>
<td>Total Eligible Loan Amount:</td>
</tr>
</tbody>
</table>

Debt Forgiveness Rules: (See reference tab for details)
1.) 75% must be used for payroll expenses | $205,977.19 |
2.) 25% for rent, mortgage interest and utilities: | $68,659.06 |
| Total: | $274,636.25 |
Accelerated and Advanced Payment

• Roadmap provides guidance on:
  o Criteria for application
  o Application process
    – This is completed at the NPI level
  o How the MACs will calculate your advance
    – Payments made during Q4 of 2019
  o Payback rules
  o Critical practice management considerations
  o A roadmap to preparing your application

<table>
<thead>
<tr>
<th>Accelerated and Advance Payment for Medicare Providers Roadmap</th>
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<tbody>
<tr>
<td>Some information may vary according to your MAC’s specific requirements</td>
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<table>
<thead>
<tr>
<th>Recommended Activities</th>
<th>Sources</th>
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</thead>
<tbody>
<tr>
<td>Review Q4 2019 Medicare claims submissions to estimate the advanced payment. Determine your Medicare payer mix.</td>
<td>Billing provider</td>
</tr>
<tr>
<td>Complete CAP's Estimated Volume Revenue Impact Worksheet to evaluate future payback impact (if any)</td>
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</tr>
<tr>
<td>Determine the advance amount you are requesting:</td>
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<tr>
<td>• 100% of available advance, or</td>
<td></td>
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<tr>
<td>• Dollar amount that you are requesting</td>
<td></td>
</tr>
<tr>
<td>Determine whether all members of the practice will be applying</td>
<td>Billing provider</td>
</tr>
<tr>
<td>• If yes, obtain each member’s NPI number</td>
<td></td>
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<tr>
<td>Locate your MAC's website application</td>
<td>Link provided above</td>
</tr>
<tr>
<td>Complete the application and submit it to the MAC</td>
<td>Link provided above</td>
</tr>
<tr>
<td>Notify your billing provider of the pending advance payment</td>
<td>Billing provider</td>
</tr>
<tr>
<td>Ensure appropriate codes are established in the billing system to track the repayment of claims. Obtain weekly reports.</td>
<td>Accounting and billing providers</td>
</tr>
<tr>
<td>Establish SOP's addressing denials related to the claim subject to repayment. Obtain weekly reports of denials and resolutions</td>
<td>Billing provider</td>
</tr>
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</table>
Economic Injury Disaster Loan (EIDL)

- Roadmap provides guidance on:
  - Eligibility
  - Utilization of funds
  - The EIDL grant
    - $10,000 forgiveness
  - Payback terms
  - List of required documents and links to the required forms

<table>
<thead>
<tr>
<th>Required Documents</th>
<th>Source(s)</th>
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<tbody>
<tr>
<td>SBA Application (Form 5)</td>
<td><a href="https://www.sba.gov/sites/default/files/Disaster%20Business%20Loan%20Application.pdf">https://www.sba.gov/sites/default/files/Disaster%20Business%20Loan%20Application.pdf</a></td>
</tr>
<tr>
<td>Credit score</td>
<td>Obtain evidence from the national credit reporting agencies</td>
</tr>
<tr>
<td>IRS Form 4562</td>
<td>Your accountant or tax preparer</td>
</tr>
<tr>
<td>2019 federal income tax returns</td>
<td>Your accountant or tax preparer</td>
</tr>
<tr>
<td>SBA Form 413 (Personal</td>
<td><a href="https://www.sba.gov/sites/default/files/SBA_Form_413_7a_Schedule%20A.pdf">https://www.sba.gov/sites/default/files/SBA_Form_413_7a_Schedule%20A.pdf</a></td>
</tr>
<tr>
<td>Financial Statement)</td>
<td></td>
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<tr>
<td>and debt)</td>
<td></td>
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<tr>
<td>Your most recent financial</td>
<td>Your accountant</td>
</tr>
<tr>
<td>statement for the practice</td>
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Volume – Revenue Impact Calculator

- **Objective:** To assist practices in:
  - Analyzing the impact of volume fluctuations on the practice’s revenue
  - Projecting future revenue through the end of the year
  - Evaluating the need to apply for financial assistance
  - Ability to payback any required amounts through the end of the year

- **Method of Analysis**
  - Only requires that you enter 4 monthly data points
  - Based on your current experience and your market; enter projected volumes
  - Calculator will summarize monthly and quarterly impact on revenue compared to previous periods
Key Practice Management Considerations

• Accelerated and advance payments - Is this your best option?
  o Know your Medicare payer mix
    – During the payback period 100% of future claims will be withheld until the advance is paid
    – Can your practice survive without Medicare revenue during this time?
  o Volume fluctuations and cash flow
    – Will your non-Medicare revenue support operations?
    – How will the “non-COVID-19” testing ramp back up?
  o Billing and collections
    – Will your advance payment be subjected to billing agency fees?
      – Ideally it should be applied as the future claims are posted
  o Develop a financial category to track accelerated repayments
Key Practice Management Considerations

- **Denials**
  - A denied future Medicare claim will not reduce your balance
    - Ensure all denials are aggressively worked and resubmitted immediately

- **Other Considerations**
  - **Inventory management**
    - Ensure your supply inventory for non-COVID-19 testing is adequate; avoid “just in time” ordering
  - **Cost management**
    - Evaluate existing workflow in order to maximize efficiency
    - Ensure staffing is adequate to meet new projections for both COVID-19 and non-COVID-19 cases
Thank you for joining us today

Roadmaps and other tools can be found in the “Practice Resources” section of the COVID-19 information page on cap.org


Check out extensive FAQs on cap.org under “Recent Updates to COVID-19”

https://www.cap.org/covid-19