COVID – 19 Updates: Community/Independent Practices – Surviving COVID

Welcome to Tonight’s Webinar

Please submit questions in the control panel

Live Tweet with #ASMBSCOVID
CORONAVIRUS (COVID-19)
ASMBS Webinars:
Available online

April 14:
“COVID-19 Updates from the ASMBS”

April 21:
“Embracing Telehealth”

April 28:
“Restarting Surgery: Issues to Consider”

https://asmbs.org/resources/covid-19-updates-from-asmbs

https://asmbs.org/resources/covid-19-updates-embracing-telehealth

https://asmbs.org/resources/restarting-surgery-issues-to-consider
Agenda

1. Welcome and Introductions. Matt Hutter, MD

2. Paycheck Protection Program (PPP) and Provider Relief Fund Paul Kemmeter, MD

3. Economic Injury Disaster Loan (EIDL) Marina Kurian, MD

4. Small Business Financial Assistance Margaret Inman, MD

5. Workforce Cost Reduction Options Shawn Garber, MD

Next Webinar: Tuesday 5/12 6 pm EST
CARES ACT: Paycheck Protection Program and Provider Relief Fund

Rami E Lutfi, MD FACS FASMBS
Paul Kemmeter, MD FACS
Paycheck Protection Program (PPP) Loan

- Loan = 2.5x Average monthly payroll with payroll capped at $100,000
- Only employees with up to $100k salary per year ($8,333 biweekly pay)
  - Physicians making over $100K are not excluded but will apply with the cap
- 25% of Funds can be used towards:
  - Interest on mortgage, Rent, Utility payments
- 100% Loan Forgiveness if at least 75% of funds used towards payroll
  - Payroll Costs defined as salary, wage, commission, or other similar compensation; vacation, parental, family, medical or sick leave, allowance for dismissal or separation; healthcare benefits, including insurance premiums, payment of retirement benefits; state or local tax assessed on the compensation of employees.
PPP Loan Forgiveness

- Forgiveness ≠ automatic
  - *Apply with documentation – Keep meticulous records*

- Clock starts ticking the day money is received and goes for 8 weeks

- Two criteria are set for loan forgiveness and amount forgiven:
  - *Preserving # of FTE*
  - *Preserving employee salaries (can be reduced up to 25%)*

- Forgiveness reduced if workforce or pay is reduced during period and not restored by June 30th.
PPP Loan Repayment

- For unforgiven amount:
  - Maximum term is 10 years
  - Maximum interest is 4%
  - No loan fees
- Pre-payment is possible at any time
- No pre-payment penalty
- Forgiveness is a non-taxable event
Provider Relief Fund ($100 billion)


- Grant (not a loan or advanced payment)
- Based on a portion of Medicare 2019 fee-for-service spending (Formula)
- **Automatic** payments to independent solo docs and physician groups/organizations
  - From Optum Bank with “HHSPAYMENT” descriptor
- Must sign an attestation within 30 days and agree to terms and conditions (11 pages)
  - No “balance billing” of COVID-19 patients

Other Programs

- Coronavirus Aid, Relief, and Economic Security Act
  - U.S. SBA Economic Injury Disaster Loan program (EIDL)
  - Individual Recovery Checks
  - Employee Retention Tax Credit
  - Pandemic Unemployment Assistance Program
  - Updated Business Tax Provisions

- CMS Advanced and Accelerated Payment Program
Additional Resources

- [https://www.whitecoatinvestor.com/cares-act/](https://www.whitecoatinvestor.com/cares-act/)
- ASMBS Members Facebook Group
- ASMBS Practice Management Facebook Group
- paulkemmeter@gmail.com
Economic Injury Disaster Loan (EIDL)

Marina Kurian, MD, FACS, FASMBS, DABOM, DABS
Director, New York Minimally Invasive Surgery PLLC
Clinical Associate Professor of Surgery, NYU School of Medicine
<table>
<thead>
<tr>
<th><strong>Who is eligible?</strong></th>
<th>PPP: Small businesses and non-profits with &lt; 500 employees, including sole proprietors and independent contractors</th>
<th>EIDL: Same as PPP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Collateral required?</strong></td>
<td>PPP: No</td>
<td>EIDL: Yes, if borrowing &gt; $25,000</td>
</tr>
<tr>
<td><strong>Personal guarantee required?</strong></td>
<td>PPP: No</td>
<td>EIDL: Yes, for loans &gt; $200,000</td>
</tr>
<tr>
<td><strong>Maximum loan</strong></td>
<td>PPP: Lesser of 2.5 times average monthly payroll or $10 million</td>
<td>EIDL: Up to $2 million</td>
</tr>
<tr>
<td><strong>Terms</strong></td>
<td>PPP: 1% interest rate, 2-year term, Can defer payments for 6 months (interest accrues)</td>
<td>EIDL: Maximum interest rate of 3.75%, Maximum term of 30 years, Can defer payments for 1 year (interest accrues)</td>
</tr>
<tr>
<td><strong>When can you apply?</strong></td>
<td>PPP: First come first serve, Application technically open until June 30</td>
<td>EIDL: Must apply by December 16, 2020</td>
</tr>
<tr>
<td><strong>Where can you apply?</strong></td>
<td>PPP: Most SBA 7(a) approved banks, Start with your regular bank</td>
<td>EIDL: SBA website</td>
</tr>
<tr>
<td><strong>Forgiveness?</strong></td>
<td>PPP: Yes, if you used for payroll, mortgage/rent, utilities (75% must be used for payroll)</td>
<td>EIDL: Only for $10,000 advance</td>
</tr>
<tr>
<td><strong>Can refinance debt?</strong></td>
<td>PPP: Yes, existing EIDLs</td>
<td>EIDL: No</td>
</tr>
</tbody>
</table>
EIDL- New Funding

- $60 Billion of new funding
  - $10 Billion for disaster grants
  - $50 Billion for disaster loans
- As of April 20th, SBA approved 26,919 disaster loans totaling $5.57 Billion and 755,476 EIDL emergency grants totaling $3.29 Billion
- SBA is not taking new loan applications for COVID-19
- You can still apply for other disaster relief through the site
EIDL

• Changes in EIDL due to COVID 19
  • Rules related to personal guarantees on advances and loans of $200,000 or less: waived
  • 1 year in business prior to disaster requirement: waived but must have been in operation 1/31/2020
  • Applicant could not find credit elsewhere: waived
  • SBA is allowed to approve applicants based on credit scores and other appropriate methods: Tax returns not needed
EIDL

• If applying for EIDL, you can request up to $10,000 as an emergency advance
  • Does not have to be repaid even if application is later denied
• Advances are awarded within 3 days of application
• No forgiveness provision
Paid Sick Leave and Family Leave Payroll Tax Credit

- Can still use this credit even if PPP loan or EIDL taken, although no “double dipping” on same payroll expenses.

- Payroll tax credit in an amount equal to 100% of the qualified sick leave wages paid by the employer during the calendar quarter, subject to certain limitations.

- All employers with fewer than 500 employees must provide an employee with paid sick leave and expanded family and medical leave, subject to certain conditions and limitation, to the extent the employee is unable to work (or telework) because of COVID-19-related circumstances, which includes if:
  - The employee is ill and subject to quarantine, or advised to self-quarantine, or seeking medical diagnosis, or
  - The employee is caring for an individual who is ill and subject to quarantine, or caring for a son or daughter whose school is closed or whose childcare provider is unavailable.

- The paid leave provisions are effective April 1, 2020, and apply to leave taken between April 1, 2020, and December 31, 2020.
• Employee Retention Credit
  o Cannot use the employee retention credit if you accept either an EIDL or PPP loan
  o A refundable payroll tax credit is available for 50% of wages paid by employers to employees during the COVID-19 crisis. The credit is available to employers whose:
    ▪ Operations were fully or partially suspended, due to a COVID-19 related shut-down order, or
    ▪ Gross receipts declined by more than 50% when compared to the same quarter in the prior year
  o The credit is provided for the first $10,000 of compensation (essentially, a $5,000 tax credit).
    ▪ The credit is provided for wages paid or incurred from March 13, 2020, through December 31, 2020
  o In certain instances, it can make more sense to take the retention credit in lieu of a SBA Loan (EIDL or PPP), especially if a business has a number of low wage employees.

• Payroll Tax Deferral
  o Cannot use if you accept a forgivable loan through the PPP
  o Employers can defer payroll taxes (only the 6.2% Social Security tax portion, not the 1.45% Medicare tax) from the date the CARES Act was signed into law and ending December 31, 2020.
  o The payroll tax will be owed by December 31, 2021 (50%) and December 31, 2022 (the other 50%).
- **PPP loan forgiveness:**
  - Amount is based on the first 8 weeks of expenses following loan origination
    - Amount forgiven is reduced if employee wages cut > 25% or if you employ less people compared to beginning of the year or the prior year
  - Can be used for payroll, rent, mortgage interest or utilities (75% should be spent on payroll)
    - Payroll limits ($100,000 cash compensation limit per employee) are *before* you consider all forms of compensation including health insurance, 401(k) contributions and pension benefits.
  - Non-taxable
    - Meanwhile, expenses (payroll, rent/mortgage, utilities) *could possibly remain* deductible

- Independent contractors do **not** count in the determination of payroll costs as they can apply for this benefit themselves under the self-employed portion of this program.

- S-corporations can consider all wages (W-2), including those for the S-corp owner, for determining the forgivable portion of the loan.

- **Likely to be audits** – Lawyers recommend a separate bank account to house the loan and use to pay qualified expenses

- **Be careful** – PPP does require you certify that the current economic uncertainty makes the loan necessary to support ongoing operations.
Questions?

Please submit questions with the chat function in the control panel....
COVID 19 Pandemic – Small Business Financial Assistance

MARGARET INMAN MD, FACS, FASMBS
CEO MERIDIAN SURGICAL GROUP
CARMEL, INDIANA
Meridan Surgical Group – Financial Assistance Payments

- Provider Protection Program
- Medicare Advanced Payments
- CARES Provider Relief Fund
We applied online on our Medicare Carriers web-site (WPS) by filling out the Medicare Accelerated and Advanced Payment Request Form. Once signed and completed it was emailed back to AccADvPymtReq@wpsic.com.

The advanced payment was based on Medicare’s calculation of Medicare payments we received from Medicare from October – December 2019.

We received payment on 04/16/2020.

This distribution will require repayment by deduction from future payments starting later this year - 120 days from the original payment. Medicare will deduct from payments for 210 days. If we have not submitted enough claims by then, we will have to cut a check back to them for the difference.
CARES Provider Relief Fund – $50 billion General Allocation

- We received our first distribution automatically with no application on 4/10/2020.
- The amount distributed immediately was proportionate to the providers’ share of Medicare fee-for-service reimbursements in 2019.
- Two distributions have occurred totaling $30 billion, one on April 10 and one on April 17.
- HHS began distribution of the remaining $20 billion on April 24 to augment their original allocations so that the whole $50 billion in general distribution is completed.
- If additional payment is not received automatically, providers must submit their revenue information to “General Distribution Portal” of HHS.
- https://covid19.linkhealth.com/docusign/#/step/1
CARES Provider Relief Fund - $50 billion General Allocation

- Providers who received their money automatically will still need to submit their revenue information so that it can be verified via the General Distribution Portal - https://covid19.linkhealth.com/docusign/#/step/1.

- Payments that are part of the second distribution will be paid out weekly starting 04/24/2020.

- Providers who receive funds from the general distribution will have to sign an attestation confirming receipt of funds and agree to the terms and conditions of the payment and confirm the CMS cost report. https://covid19.linkhealth.com/#/step/1
Our malpractice carrier offered us a discount for up to 60 days as we have been “part-time” since 3/18/2020. It is based on hours worked by the surgeons during this time period.

We are obtaining an employee health insurance monthly premium deferral. We will have to repay it no later than December 2020.

We requested a payment deferral from our office landlord. They did not agree to provide us with that option. There is no harm in requesting it.
Questions?

? Please submit questions with the chat function in the control panel....
WORKFORCE COST REDUCTION OPTIONS

Shawn Garber,
MD FACS FASMBS

www.stopobesityforlife.com
www.bellyballoon.com
Pay Cuts and Hours Reductions

• **PROS**
  ► Lowers payroll to continue key operations
  ► Right size the number of hours needed
  ► Keeps employees engaged
  ► Potential positive press and good will
  ► Keeps employees eligible for any government subsidies for leave
  ► Does not trigger automatic payment of accrued, but unused, vacation / PTO

• **CONS**
  ► Reduction of hours by 50% during each month of any six-month period may trigger the WARN Act
  ► Potential need to switch some salaried employees to hourly – need to document and monitor hours – need to ensure it does not trip a “Good Reason” quit
  ► Risk of alleged constructive discharge under WARN Act if wage cuts are deep without corresponding hours reduction
  ► Risk of alleged discrimination claims for selective hours amongst employees

• **OTHER CONSIDERATIONS**
  ► Significant reduction in hours could impact eligibility under health care plans (need to check plan terms)
  ► If triggered, employees would need to elect COBRA
Furloughing Employees

• PROS
  ► Significantly reduces payroll
  ► In most states, should not trigger an automatic payment of accrued PTO
  ► Does not trigger Federal WARN Act unless laid off for six months
  ► Gives employees hope of a recall
  ► Able to resume operations post-crisis
  ► In most states, renders employees eligible for unemployment insurance
  ► Likely preserves employee eligibility for any governmental leave subsidies

• CONS
  ► Employers may have to float cash for employee payments under the federal and state relief laws
  ► Still need to comply with employment agreements (e.g., “Good Reason” quit)

• OTHER CONSIDERATIONS
  ► If the employer will need to call on salaried employees on furlough for questions, any amount of work could trip a full weeks’ pay obligation, and employers may accordingly want to change such employees to nonexempt status prior to the furlough
Layoffs

• **PROS**
  ► Significantly reduces payroll
  ► Avoids the need to make the upfront payments under the Family First Coronavirus Relief Act ("CV Act")
  ► Employees get unemployment insurance
  ► WARN Act exception for unforeseeable business circumstances may apply

• **CONS**
  ► Triggers payment of all accrued, but unused, PTO - if payable upon a termination of employment
  ► May be difficult to re-hire; negative publicity
  ► No payments to employees under the CV Act

• **OTHER CONSIDERATIONS**
  ► Eliminates employer contributions to healthcare coverage, and places employees on COBRA, but laying off employees without providing healthcare reimbursements could lead to negative press
WARN ACT
(The Worker Adjustment and Retraining Notification Act)

• Only applies to companies with more than 100 employees
Questions??

Shawn Garber, MD FACS FASMBS

garber@nybg.com
Questions?

Please submit questions with the chat function in the control panel....
Announcement:
In response to the ongoing COVID-19 pandemic and our commitment to collecting relevant data, we have added a preoperative and postoperative variable to the registry regarding the COVID-19 status of all patients. These variables will populate all 2020 case forms after the registry update on Saturday, April 18, 2020.

You will not be required to reopen forms that are already completed. However, any new, in-progress, or reopened 2020 case forms will require these additional variables be answered to save and mark the case as complete following the update on Saturday, April 18th, 2020.

The January 2020 Operations Manual has been updated to include the criteria, definition, and options for the variables. The new variables may be reviewed [here](#). Additionally, we’ve developed a brief educational podcast [here](#) to review the new variables.

We thank you, as always, for your commitment to collecting quality data for the MBSAQIP registry.
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Going Forward:

• Regularly scheduled webinars with issues important to our members:

Next Webinar:
Tuesday May 12 6 pm EST:

Please let us know what matters most to you!
communications@asmbs.org

Please share with us stories of how your colleagues are making an impact!
COVID – 19 Updates: Community/Independent Practices – Surviving COVID

- Support your patients.
- Help out however you can.
- Use the opportunity to transform how we provide care.

Stay safe!