

## On-Demand Webinar: Physician Practices Survival Tactics

**Presenters:** PYA Principals Lori Foley and Jeff Bushong, and PYA Consultant Katie Ray

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0:06

Good morning, everyone and welcome to today's webinar hosted by PYA COVID-19 physician practices survival tactics. PYA is a leading Professional Services firm providing expertise in health care tax management consulting and audit and Assurance. We are pleased to offer you our thought leadership on these important topics all attendees have been placed in listen-only mode.

0:32

You may submit written questions using the questions pane of the control panel our presenters will address as many questions as possible during the Q&A session at the end of the webinar if we cannot answer all questions due to time limitations, we will supplement the transcript to this webinar with our written responses.

0:54

Please be aware with more people using online platforms outages can occur should the webinar be paused we will work to restore it as quickly as possible and all of our webinars are Recorded and released after the event with that I would like to introduce our presenters Lori Foley Jeff Bushong and Katie Ray.

1:21

Good morning. My name is Jeff Bushong. I am a principal in the can position Consulting practice here at PYA and joining me this morning for our webinar are Lori Foley. She said managing principal and Consulting and Katie re one of our senior Consultants also in The Physician Services Consulting practice. We're very pleased you're able to join us this morning and we look forward to presenting this relevant information to you all.

1:53

You can't turn on any media Source television your cell phone and not see that COVID-19 has certainly been front and center as it impacts every facet of our daily lives. Today. We're going to talk about some of the most recent Congressional responses in the three.

2:19

areas, which have been Disgust, excuse me, as it relates to COVID-19 1K COVID-19 to and COVID-19 3 today's presentation will really focus on the cares Act and the families first coronavirus response Act.

2:44

Our agenda is you see presented today. We're really focus on the Paycheck Protection Program, which is really focused in congress's response to employment and the payroll protection to really keep as much as full employment as possible during the COVID-19 pandemic. We will also discuss strategies including Medicare Advance payments to help with the cash flow in the physician practices.

3:13

Laurie Foley will then discuss the FCRA and other staff and considerations and Katie Ray will wrap us up looking at operational and revenue cycle recommendations for the physician practices.

3:31

Let's start by talking about the Paycheck Protection Program.

3:38

This is a three hundred and forty-nine billion dollar allocation that Congress approved really focused on small business loans.

3:49

What Congress has done is roll These funds under the SBA act section 7 a so it's an existing small business loan program really focused on businesses physician practices throughout all Industries who otherwise could not have access to loans or have been turned down. Some of the highlights from the SBA loan program for the payroll Protection Program.

4:18

Is that these loans are up to 10 million dollars. They must be received before June the 30th. There are no fees that will be charged by the SBA, no collateral or personal guarantees required, and there's no recourse and really what this is focused on is to help with cash flow for all these small businesses to avoid or minimize reduction and work hours as well as layoffs and furloughs.

4:48

We will discuss some additional details as we go through the program this morning.

4:55

So, who qualifies?

4:58

Small businesses those with 500 or fewer employees. You had to be an operation as of the 15th of February to be considered eligible for the program.

5:10

They are business entities not-for-profits sole proprietor two ships independent contractors in any companies as defined in the small business SBA Act So who makes the loans?

5:29

Those financial institutions that currently are authorized by the SBA act section 7 a that opt to participate we recommend that you check with those financial institutions for which you have an

existing relationship. We have heard since the application process opened on Friday April 3rd that there has been an overwhelming response to this program.

5:57

We want to make sure that the borrowers understand that they're making a good-faith certification that these funds will be used for the workers the employees and to maintain payroll and as you'll see in a minute for some other allowed payments that help with day-to-day business operations.

6:20

So how much can be borrowed the statute says a maximum of ten million dollars or two and a half times the borrower's average total monthly payroll.

6:34

Which will for most applicants be what your average was in calendar year 2019. I'll pause for a minute. There's been an evolution of the statutes as this has been interpreted as to what time periods will be used. What we can tell you that for most applicants your calendar year 2019 will probably be the time period. That's examined looking at those average monthly payments.

7:04

What are considered eligible payroll costs? Well certainly salaries, wages other kinds of compensation tips or equivalence payments made for vacation, PTO, family medical leave, sick leave, if there have been any separation payments made the group health care benefits and insurance premiums. This is just on the employer side. Not the employee side payment of any retirement.

7:33

It's and the payment of state or local employment compensation taxes.

7:43

We've put together a brief illustration of the calculation and you can see on the slide that says average monthly payroll. So, you can plug in your numbers and get an idea of what would you be eligible for but in essence it's really about the payroll less those employees who are earning over a hundred thousand dollars because anything over a hundred thousand dollars in annual compensation is not considered.

8:13

Plus, it has the state unemployment taxes the employer paid portion of health insurance. And in this this example shows the employer 401K match and that's how we came up with the \$40,000 times that 2.5 multiplier to get you to a maximum eligibility in the example of \$100,000.

8:43

And as I just mentioned and as you saw in the slide, it's the sum of those payments. Remember that this is really focused on payroll. So, 75% of those dollars are intended to be used for payroll cost.

8:59

And they do not include some items as listed on the slide here. It's those individuals that have annual salaries in excess of \$100,000 during the cover time period the taxes that were imposed during the various IRS chapters as listed and any employee whose principal place of residence is outside of the United States, but I think it's important to say this multiple times. The real focus is on them.

9:29

employment and wages and compensation for the work force So how much can be borrowed as we continue through they do not include the qualified sick-leave wages. It does not include the qualified Family Leave wages.

9:57

And if applicable as you can see on the slide, you can take existing Pi DL eligible loans and roll these into the payroll Protection Program. It's one way that you can actually see how this could enhance the Forgiveness portion that will talk about just a minute.

10:29

So how can you use the proceeds from this loan payroll cost? We just walked you through an example of what are considered to be eligible payroll cost the group health insurance benefits during that period rent will pause for a minute. Obviously. This is rent that's part of for a physician practice under an existing lease agreement and we know in many cases hospitals and health systems are the landlord.

10:58

And they obviously want to see physician practices recover and Thrive post pandemic recovery time period so we encourage talking to your landlords, whether they be a hospital a health system and independent landlord look for deferment look for opportunities potentially to make partial payments, your utility payments the traditional utility of your power water transportation.

11:27

As we understand the current statute does not include for example, if you have a subscription fee for your electronic medical record.

11:38

But most of your day-to-day operating utility payments would be considered eligible your mortgage interest and interest on the other debt obligations that occurred prior to February 15th and the existing section a loan on a while though uses including for working capital.

12:03

So, we've talked about what Congress passed we talked about the calculation now, we're going to spend a few minutes and we'll talk about the amount to be forgiven. I think that's a really exciting provision of this legislation. Is that the loan forgiveness and I think obviously when the lawmakers were contemplating this act, they didn't want to have people post pandemic recovery be burdened with tremendous amounts of debt.

12:30

So, as we walk through this Particular slide. These are for specific cost occurred and payments made during the eight week period following the loan origination date. So that would be for payroll cost the rent that we talked about Utility payments as well as interest on covered mortgages.

12:52

For obvious reasons the Forgiveness cannot exceed the loan principal amount. So, if you have in the example that we just reviewed \$100,000 in that loan. You couldn't have a forgiveness. It would exceed that \$100,000 ceiling one thing also that's built into this is that the debt forgiveness is not considered income for federal income tax purposes. So, they're not going to say will you receive this benefit?

13:22

We're going to tax you on it. This debt forgiveness is not considered to be income to The Entity that's receiving the funds.

13:36

So, there are some reductions to the loan forgiveness and primarily if there's a reduction in the amount of either hours or wages paid in excess of 25% for those who have employees whose annual payroll was less than \$100,000. You can't use more than 25% of the funds.

14:04

For non-payroll expenses. If you remember my comment earlier that 75% of the funds have to be for payroll purposes. This is just restating the obvious that which means that only 25% can be for those non payroll expenses, like health insurance benefit premiums rent utilities.

14:27

It also talks about in the loan forgiveness that for any decrease during at eight week period on those FTE as you can see the rest of the slide that the Forgiveness will not be reduced from those that were laid off between February 15th and April 26th. As long as they're rehired by June 30th. So, there is a window where you can actually furlough or reduce but as long as you bring those employees back onto the payroll by June 30th that they can still have those expenses forgiven.

15:08

We've also put together calculation and shows you here on this slide how that's calculated. So, you look at the amount of the allowable cost as previously defined and you multiply that times the average number of FTEs during that eight week period following receipt of the funds, which is divided by those two options in the time period either February.

15:38

15th of 2019 through June 30th of 19 or the average number of FTEs per month for the first two months of 2020.

15:49

You can also see the note at the bottom about for seasonal employee employers only that it's the average calculated through that February through June time period similar to what we talked about a little bit ago is that in this example if there's a hundred thousand dollars, which would be the original loan amount that quotient is the difference is that the FTEs during that eight week period following receipt divided by the average FTEs either in 2019 or 2020 depending on which period is used and the All calculation of the bottom with shown this particular example that of that hundred thousand dollar original loan amount 95,000 of that would be part of the loan forgiveness.

16:47

So, a couple important bullet points that there's two years for The Unforgiven portion to be repaid during the payback period a maximum interest rate that can be charged would be 4 percent currently. It's at 1% If some of you have seen some of the earlier rules of legislation that actually started it a half one half percent. It's now up to 1% There is no prepayment penalty.

17:15

Part of their repayment option and there is a deferral of the repayment for up to one year with a minimum deferral of six months. I think that the thought behind the legislation was again not to

burden practices and businesses coming out of the COVID-19 pandemic so that they get overdue burdens which is why I believe they put in the forgiveness and the liberal terms regarding repayment.

17:50

One of the things we have been following closely is from our lender Partners. What have they seen in terms of the response? We would say that if you've not applied today would be a great day to go and start your application process because we believe that there is going to be an overwhelming response to this program for some obvious reasons, obviously the Forgiveness of the loan.

18:18

It is a key component. But also, the interest rates We Believe are going to drive people to this and there is a list and a link through SBA that you can see all of the information you will need to be eligible to purchase and paid through this process. We would encourage you to work with your bank or your accountant etc. to really make sure you gather all the documents your particular SBA lender may have some additional requirements.

18:48

But you want to check with them to make sure you've got an established relationship that makes you eligible to pursue this as I mentioned in my earlier comments the SBA started the application process this past Friday and the applications for independent contractors and self-employed individuals is scheduled to begin this coming Friday April the 10th, but we would encourage you not to delay and work very closely with your lenders to see what you need to do to participate in the program.

19:26

In addition, under the cares act there are tax credit opportunities for retention of employees that can cover 50% of qualified wages up to ten thousand dollars per employee or \$5,000 total for each of those employees.

19:45

That is, I think another opportunity on why Congress is saying we want to try to keep employment levels as high as possible and if You can see where they can have tax credits. It's another incentive to keep people on the payroll the way this will work. For those of you that are familiar with quarterly estimated tax filings that credit would occur and very similar on the application prior to the application of those credits would be made during those quarterly filings.

20:28

There's take a couple of minutes and talk about the ideal loans, which are the economic injury disaster loans. These are set up to be working Capital Loans of up to 2 million dollars again focused on small businesses with 500 or fewer employees. There is a waiver in this particular Eid Al program that there are no personal guarantees for those loans that are two hundred thousand dollars or less.

20:57

And also, that the applicants have to show that they have been unable to obtain credit or loans from other sources one other provision of this is that the pi DL loans. If you have an existing one can be rolled into as part of a refinancing, we were talking about the payroll protection program that these loans may not be used for the same purposes as allowed in the 7A.

21:26

loans that we described previously There's also an opportunity as part of this to request an advance or a grant once again the advance through the IDL \$10,000 in a grant that does not have to be repaid is a very attractive provision of this and the SBA wants the application is made through the Eid L will pay the applicants within three days and the last bowl.

22:03

Point just to reiterate the importance is that it does not have to be repaid if the actual loan is denied and the Forgiveness will be offset in section 70 of the program and very nice provision.

22:21

As we get into where there are opportunities to advance cash as we know a lot of our CFO friends will tell us Cassius King is through the Medicare Advance payment program. So, we'll go through some details now.

22:34

For Bark Park be providers up to a hundred percent of the Medicare payments for 3 month period can be Advanced and we would encourage you to also look at our website that talks about other cash flow opportunities on the COVID-19 pandemic Medicare Advance payment website through PYA. So how do we determine eligibility for the advance?

23:04

Payments one you have to build Medicare in the last six months. Number two. You can't be in bankruptcy currently three, you can't be under an active medical review or program Integrity investigation and fourthly. You can have outstanding delinquent overpayments IE. We know that you've got a refund the money to Medicare in order to be eligible for this particular program.

23:35

So how do we do that? Each of the Medicare administrative contractor's website has a forum posted in depending on who your MAC administrator is. There may be some subtle differences. But each of the MAC also has a COVID-19 hotline to assist with the request or information you will see that there is obviously information that has to be provided on behalf of the provider or the practice in this case the amount requested.

24:04

That's important that as you look at those application forms that the reason for the request is to advance payments to help with cash flow due to the COVID-19 pandemic obviously has to be signed by an authorized representative partner administrator and then submitted electronically for consideration.

24:29

This is an example of provide has accelerated in advance payment request form. So, it's a pretty simple process. The one thing with all these programs. They've tried to do is really streamline the application in the request process for all the various programs defined today.

24:50

So how does the approval process work the MAC obviously receives the form and make sure that the person or entity requesting meets the eligibility requirements then notifies, whether it's approved or denied and then the payment seven calendar days from approval and just like most Medicare payments that would be available through electronic funds transfer.

25:17

That's how the funds are Advanced to the Recruitment reconciliation the recruitment of a hundred and twenty days and during that time period the MAC with holds all the payments up to the amount of the advance until satisfied and one important differentiation for the physician practices is where the hospitals have a year on the reconciliation The Physician practices and other providers have 210 days for approximately seven months.

25:55

There may be a potential opportunity for an extended repayment schedule and if there is a potential bankruptcy pending, that would also impact.

26:08

So now I'm going to turn the program over to Lori Foley.

26:14

Thank you, Jeff. We are getting a number of questions from clients related to the FCRA and various Staffing consideration. So, we wanted to dedicate some of our time today to discussing those characteristics and those programs in particular.

26:32

If you look at the FCRA, that's the family first coronavirus response act. It applies to businesses with less than 500 people certain businesses are employers that have less than 50 workers may ask the Secretary of Labor for an exemption and I put the "ask" in air quotes.

26:50

They the statute references that you may request the exemption, but in reality, all of the guidance indicates that the Department of Labor is very clear they do not want in Lawyer sending them any documentation at this point. So, what we are recommending is that you document why you qualify and be prepared to submit that later and or upon request. The overarching reason for that exemption should be that compliance would create an undue hardship that would jeopardize the businesses existed the effective dates of the program it began on April the first of 2020 though. The regulation obviously came out earlier than that in March.

27:30

The effective date is April 1 and it will automatically sunset on December 31, 2020 absent any additional regulatory rulemaking.

27:40

Seeing their worth there is some additional consideration as to who can be Exempted and the initial information indicated that Healthcare Providers and emergency responders are allowed to be excluded from the definition of employees who are permitted to take str.

27:57

Leave the initial guidance lacked Clarity and the definition of health care provider, but fortunately the Federal Department of Labor released additional information late last week that provide Significant amount of clarity and broaden that definition a great deal.

28:16

deal here you can see how that was applied. Originally. It was tightly interpreted by many to be an individual who actually provided care or was an emergency responder. So, a physician and nurse practitioner, a PA. etc. this definition as came out in the late and the regs late last week broadened it to be anyone that is employed at any of these locations. So, this covers any Physician's office and the doctor's office Hospital Healthcare Center or clinic.



28:48

Those institutions that are training providers and Physicians. So post-secondary educational institutions and medical schools Health departments agencies nursing facilities Home Health, you see the list there and then at the bottom the cattle any similar institution employer or entity, they then took it one step further and broaden that definition to also include those organizations that are supporting those listed on the previous slide.

29:16

So any individual Boy by an entity that contract with those institutions to provide services or maintain the operation of that facility are also pulled along into this definition of healthcare provider and then that second bullet identifies those that are working to help address the COVID-19 pandemic specifically related to creating medical equipment test drugs vaccines etc. to the actual treatment of the disease He's or virus.

29:47

So, with that definition then employers are allowed or most the medical practices are allowed to determine if they should be in or out of the FCRA regardless of the decision practices are still required to post the FCRA poster. And we've included a link here that outlines the employees, right? So, what that means is if you are an employer who is choosing to opt out of participating in the FCRA.

30:16

You must notify your employees of that opt-out decision. This can obviously be confusing to employees. And so, your communication should explain the background of your decision. It won't be obvious in some practice settings such as Primary Care oncology and such where you are still seeing patients in addressing those that are symptomatic for COVID-19 or addressing the patient concern but might be less clear or harder to discern in a practice.

30:44

That's not currently seeing patients because Of either the regulatory shutdown of a voluntary surgeries or just discretionary patient volume. So in those situations just maybe where the previous exemption for the businesses with less than 50 employees May intersect in that if you determine as an executive of the practice that compliance would be jeopardizing the ability of the practice to sustain the business operations to sustain going forward and again would be sure to document those reasons.

31:18

If you remain in and up into FCRA, then you're obligated to follow the requirements that are put forth that allow for emergency leave basically an emergency family medical leave. Both of these are considered an expansion of existing Family Medical Leave Act the FMLA, which a number of smaller practices those with less than 50 employees have historically been exempt.

31:44

Them under the FCRA for emergency paid sick leave the ACT guarantees that the employee up to 80 hours of paid sick leave benefit if they are unable to work for six specified reasons explicitly tied to COVID-19. Part-time employees are paid these hours based on the average number of hours of work on average over a two-week period so it's not just looking at the prior week. It's not looking at individual in the individual.

32:14

you can't be looking over two week period and this is applicable to any employee having to care for an individual any individual regardless of length of employment. So if you are familiar with FMLA there have historically been a 10-year requirement that employee has to be with the employer for a certain period of time and also requires the employee to take that leave related to a qualified family member this portion of the ACT allows the expansion to be any individual with whom that employee has enough.

32:48

Of a relationship that it would otherwise be expected that they would participate in the care of that employee. So, for example, this could be extended to a roommate.

32:59

It does not have to be a spouse a family member a child under a under other Guidance the six reasons that are identified related to COVID-19 or broken into two groups of three and the Greeks vary based on the amount of coverage that the employee received so If an employee is out because they were staying home subject to a quarantine or isolation order or they have received advice from a healthcare professional to self-quarantine where they are experiencing symptoms of COVID-19. And they seek a medical diagnosis. Then that 80 hours of paid leave is at a regular rate of pay up to a daily Kappa 511 dollars.

33:43

It's important to note here that does not apply for an employee who has apparently chosen to self-quarantine if they have not received that medical diagnosis or that medical Direction, then them self-quarantining without that guidance would not qualify for this leave. The second three reasons allow the employee to receive pay at a two-thirds of their regular rate up to a daily cap of \$200 as you can see here.

34:13

Those are reasons for five and six and they relate to caring for others primarily because of either the isolation or quarantine order so that their childcare that the individual has been required to be quarantined.

34:28

Reason number five caring for a child who School place of care is closed, or their provider of care is unavailable due to COVID-19 and then experiencing substantially similar condition is specified by the Secretary of human of Health and Human Services.

34:46

Has one important note on that employees may not simultaneously use FCRA leave and pre-existing paid leave unless the employer allows the employee to supplement normal earnings for those reasons for through 6 and an employer may not require the employee to use sick leave under their other benefits before, they can access the FCRA.

35:13

Shifting to the Emergency Family and Medical Leave expansion act which is the second act under FCRA. It provides 12 weeks of job protected leave due to a son or daughter school or daycare being closed due to the public health emergency. This is a big a big expansion of the program to these employers that are now subject to this if they opt in the first 10 days or two weeks are up.

35:41

Unpaid unless the employee uses other paid leave benefit of the employer in this scenario. The employer can require the employee to take existing leave concurrently with expanded Family and Medical Leave Act not with the stick, but with the family and medical leave, but they must pay the employee the full amount to which he or she would have been entitled under that existing leave policy for the period of leave taken.

36:09

It's a paid leave is exhausted before the end of the 12 weeks. So, the leave through the employers PTO policy, for example, if that's exhausted before the end of the 12 week if FDR a period the employer then the pay at least two-thirds of the employee's salary to the \$200 day cap \$10,000 accurate aggregate or F. FCRA time taken for employees with variable hours. The Paid Family Leave will be based on that again.

36:38

The average number of hours, but in this scenario is based on the average number of hours work per day over the previous six months period and unlike the sick leave. There is a tenure requirement here. This this benefit is available to employees who have been on payroll for at least 30 calendar days immediately prior to the day that the approved leave would begin.

37:04

Other ffs CRA items of note that benefits are not retroactive for leave taken prior to April the to the April 1 effective date leave must be related to COVID-19. So, if they care workers or schools or closed the child is sick, for example, for reasons other than COVID-19. Then that would fall under other leave policies and not under FCRA the value of the leave is not pay.

37:34

Able to the employee in the event of an employee termination. So, if your regular benefits allow an employee to cash out their vacation if they depart your employment FCRA benefits are not included in that calculation.

37:50

Thinking about health insurance health insurance coverage must continue as before if the employee is responsible for a portion the employee must generally continue his or her contribution as before though. Some employers are evaluating that that rule and then finally F FCRA benefits are not payable in do not accrue while the workplace is closed and that could be closure for the lack of business or for the federal state.

38:19

or local directive Similar to what Jeff was discussing earlier the ACT include some funding mechanisms understanding that employee employers are experiencing unprecedented times and that words. Probably not getting it's probably getting overused but it certainly applicable in descriptive of the circumstances facing this medical practice.

38:44

So eligible employers can fund qualified leave wages and alkyl qualified Health Plan expenses and Employer share of the Medicare tax on qualified leave wages, and this is taken into account and affected via federal employment taxes related to wages paid between April 1st and December 31st 2020 that would otherwise be required to be deposited with the IRS.

39:14

Yes, so in anticipation of claiming those credits on the form 941 employers can retain that federal income tax withheld from employees the employees share of Social Security and Medicare taxes and the employer portion of Social Security and Medicare taxes with respect to all employees. Not just those that are on leave it's all of that is insufficient to cover leave that is paid under FCRA.

39:40

Then the employer can request an advance of a credit from by filing form 7200 you will need to work closely with your payroll provider to determine how to record at the FCRA leave or tracking the reimbursement purposes. Most third-party vendors. We are seeing have specific code suggestions. You don't want to set up a code that is FSC are a sick and FSC are a family leave because that is often available to many individuals through the payroll processing process and you want to maintain employee confidentiality.

40:14

As you are setting those processes up. Also, if you have issues with how your payroll provider is calculating the alcohol qualified Health Plan expenses, then the form 7200 May provide you with an additional recourse confer with your accountant under your tax professional with your experiencing those issues.

40:37

Probably the second most common topic that we are receiving questions as our clients are evaluating how to get through this current business Norm that we are experiencing expand beyond the FCRA to consider reductions layoffs and furloughs the top three medical expenses and in most practices our rents malpractice and Staffing costs.

41:01

Katie will talk about rent and malpractice in her portion of presentation momentarily, but as you evaluate, Your Staffing considerations during these times. There are several options available and want to speak to those for just a moment Productions is the first stop for start and is an intermediate step if you will layoffs and furloughs obviously go much further and they can take many forms. They could come in the form of a salary or wage freezes.

41:31

If you were in the process of issuing raises completing evaluations, and you were Preemptively about to increase compensation that you then you might freeze it at your current level. Some businesses are reconsidering raises. The first quarter of the year is often the time where people have reflected on the prior Year's financial performance and then make changes to go forward compensation. Some employers are choosing to roll back those raises two previous rates to 2019 rates.

42:01

You can hold or reconsider bonus payments that are discretionary and nature or Better pay cuts and some employers are looking at those as graduated pay cuts where higher compensated employees are taking one percentage and less are compensated often non-exempt employees or taking a different and usually a decreased percentage, but some employers are saying across the board. We're going to cut compensation by 10% 20% and Summit to 30% It's important to note that you can reduce salaries and less employees are protected by an employment contract.

42:37

Tract so if you employ for example a non-physician practitioner, you may have an employment agreement with that individual in the terms of that appointment agreement are not just popped out because of the circumstances you would need to look to those agreements the same with a collective bargaining agreement. You need to look to the terms of those agreements to see what your options are some other considerations. You cannot reduce hourly rates below the minimum wage and that's keeping in mind both state and federal.

43:07

I'm wage law and that's for the non-exempt employees for your exempt employees. There is a fair labor standards act threshold of four hundred and fifty five dollars a week. You cannot reduce them below that four hundred and fifty five dollars or you jeopardize the exempt status, which would then make them nonexempt and subject to overtime provisions and then for exempt employees remember that you cannot bury their compensation based on the number of hours worked during a work week.

43:36

So, if you were to have a reduction layoffs or furloughs of an example employee on a Wednesday and they worked on Monday or Tuesday of that week. You would be obligated to pay their full salary for that full week. And then you can make modifications for go forward X it cannot be applied retroactively.

43:59

Looking at layoffs and furloughs or layoffs are traditionally considered separations from employment equivalent to a termination and they may or may not be circumstances where the employee is eligible for rehire probably the biggest distinction between furloughs and layoffs in this setting or the termination or continuation of benefits, usually with a layoff benefits or considered terminated during that lay off period furloughs on the other hand or considered temporary, man.

44:27

Tori unpaid leave they often include the continuation of benefits such as health insurance and employers can handle differently how they do that. Most businesses most practices have a portion that the employee contributes to for example their health insurance. So how you handle that portion historically paid by the employee. Some employers are paying a hundred percent during the Carlo time others are still requiring the employee to maintain.

44:57

Proportion and then having to work out the logistics on how to either have the employee submit a check with that from future earnings that may or may not be at risk or otherwise contribute those amount if the practice adopts FCRA and subsequently in Acts a furlough or lay off the FCRA obligations see from the date of such furlough or layoffs.

45:23

And if a partial if you were considering partial layoffs or furloughs it's important to document the reasons for determining who is included in that layoffs or furloughs that maybe by staff position. It may be due to lack of work inability to perform duties remotely but thinking ahead and just protecting yourself.

45:43

You need to document the considerations that you took when you selected who was retained versus who may have been furloughed or laid off just too avoid any concerns related to

discrimination And then this last slide on this section before I turn it over to Katie just want to spend a few minutes. We've had a number of questions as practices are trying to understand the intersection of the cares act with the unemployment insurance and keep in mind that they are totally separate. They're adjudicated by the different departments. And while the cares act does extend the eligibility of the unemployment insurance process as an employer.

46:24

Don't try to over navigate on the employees that have really most employers that we're speaking with are trying to help their employees as much as possible, but it's up to the states to regulate unemployment insurance. So, I mentioned the cares act extended eligibility to a broader number of individuals trying to connect trying to capture as many that are affected by this COVID-19 as possible. They added funds which eliminates a one-week waiting period that most state had before beneficiaries.

46:55

Access the unemployment and insurance and then they also added 13 weeks to each state current benefits and again every state differs as to how many weeks of benefits and employee would be subject to receive employees cannot receive benefits concurrently while receiving sick leave or expanded Family Medical Leave Act. So, if they're being paid through the employer, they will not also be paid through Unemployment Insurance. It may delay the start of that.

47:24

That but again most employers are trying to maximize the funds to the employees during these temporary time employees who are furloughed or layoffs can apply for unemployment insurance regardless of whether the employers seek scares acts in dancing and or intends to rehire them during this period that Jeff reference the two are separate and those decisions or separate there is some states offer partial unemployment insurance work shearing and short time.

47:54

Compensation Program again, it depends on your individual State many of those states that do offer those programs require the employer to file for that information that requires some additional information and for the employee's convenience. It is an employer responsibility benefits vary by state. But again, the cares act added an additional \$600 per week per beneficiary through July 31st, 2020. There are some situations.

48:24

Ian's where an employee might actually make more on unemployment insurance than they would have working day to day within the practice. There's some discussion and chatter about that for right now the the way the regulatory the regulations are written that \$600 a week is the amount and again this like everything else is extremely fluid states are evaluating their program, and they are awaiting guidance from the Federal Department of Labor. So check your State Department of Labor website related to us.

48:55

Insurance often if you are in the process of either considering are executing on a furlough or a layoff. So at this point, I'm going to turn it over to Katie and Katie is going to take us through some operational considerations.

49:11

Thank you Lori. So as you have noted there are many considerations for practices operating in this new and uncertain climate. So we've identified some key operational and revenue cycle

initiatives. The practices can begin implementing now to hopefully experience some relief in the coming days.

49:30

I just discussed there are several potential Revenue sources including this Paycheck Protection Program and Eid Al loans Medicare Advance payment. We're also recommending we've heard that some commercial and Medicare Advantage plans may be offering advances similar to those that CMS is offering. So it's worthwhile to check into that. Also was worthwhile to check into any advances that may be offered against any value based payment. That would have been settled at end of year.

49:59

We're so explore those options. If you're able additionally if you have an existing line of credit with a lender now may be an appropriate time to reach out to your lender and discuss opportunities to increase that line of credit many financial institutions are also offering a deferment options for those with existing loans.

50:19

So be sure to reach out and see if there's any relief available in the short term with your financial institution and then as I'm sure many of you have heard Medicare and Commercial payers have significantly expanded flexibility and coverage as it relates to the delivery of telemedicine services particularly literally during the COVID-19 pandemic. So if your providers have the bandwidth and the technology available Telehealth Services can be a potential Revenue Source particularly for those practices who have had to shut their doors and to in-person Services. We've been diligently monitoring Telehealth legislation and have a lot of resources available on PYA's.

50:59

Covid-19 Hub and will include links to that here at the end of the presentation to be sure to check that resource out. If you're looking to find the billing regulations and guidance related to Telehealth.

51:13

Aside from some of the potential Revenue sources need to discuss practices can also begin focusing efforts on revenue cycle initiatives that can help bring cash in the door quickly. So whether you're billing and collections functions are in-house or outsourced, we've identified some action items that you can begin working through today for those that do have outsourced billing and collections functions.

51:35

It's important to make it a priority to check in with your vendor on a daily basis during this time daily check-in calls will allow To review some of the key metrics and shift priorities if you need to during this time, and then also understand challenges that your vendor may be facing. So some vendors may have Staffing shortage problems bandwidth issues. The being able to have that information will help you develop a plan with your vendor on whether that's supplementing some of those functions with your staff for the time being or again shifting priorities to make sure that your practice is accomplishing the goals you have set for this time period it can be important.

52:13

To look through any routine denials you're seeing and talk through those with your vendor and then also for this time period consider revising things like small balance write-offs or other Auto

mechanisms you may have in place if you reduce or remove that small balance write-offs fresh hold for the time period this could potentially help bring in some small dollar amounts that you might otherwise, Miss.

52:37

For practices within house billing or for those that because of the COVID-19 PMX maybe taking a more significant role in the outdoor filling process and accounts receivable analysis is a great first step that may be helpful to work with those staff that you do have to prioritize your accounts receivable and focus your follow up on those high dollar aged or patient responsible amount. If you are working with a reduced Staffing complement as a result of COVID-19, it may be helpful to try to identify.

53:08

Routine denial types or payer specific Trends so that you can streamline your follow-up for follow-up in batches and this will allow you to use that potentially smaller Workforce to handle a larger volume of claims for the time being use this time also to follow up on patient responsible balances, like coinsurance and deductibles. However be mindful. Of course that many patients are facing challenges during this time as well.

53:33

So it may be helpful to consider some additional flexibility or options available to To your existing payment plan structure, whether that's lengthening the terms for the payment plan or reducing those minimum payments you require monthly adding. These flexibilities can help increase incremental cash flow during this time.

53:54

None of us of course are sure how long that will continue or how long we will feel the effects of this pandemic. So it's important right now to keep up with your timely filing and appeals deadline. Now, it's also a great opportunity to regularly run any missing charger port and ensure that notes are closed and charges of submitted for services that may have been outstanding prior to the pandemic and then if you are going to deliver a Telehealth Services, you'll want to make sure that that documentation is complete close.

54:24

And that charges are submitted timely. So again, you can get cash in the door.

54:28

Consider creating a list of the timely filing an appeal deadlines for your staff to work from identifying any unbilled accounts that are nearing those deadlines and prioritizing those first and foremost. Also reviewing any claims that have already been denied for timely filing checking those appeal deadlines and making sure that staff are taking necessary steps there to get that appeal and before the deadline these steps of course can help you potentially increase cash, but also reduce the number of timely filing denials.

54:58

subsequent right off We've talked a lot about potential Revenue sources and some of the activities that you can do now to help bring cash in the door. We understand that expense reduction of course is important that can be a challenge particularly in times of uncertainty. So we've highlighted just a few of the key areas to consider when looking for some additional Financial relief rent, of course is one of the largest expense areas for most practices. The good news here is that as Jeff mentioned rent payments and mortgage interest payments are allowable.



55:33

Says of this Paycheck Protection Program loan one caveat here being that there is no prepayment of Interest allowed as an allowable use of those funds and your kind of traditional utilities Like Water and Electric. Those are also available uses of the PPP loan funds. So for those that are planning to obtain or apply for PPP loans, you may have some relief there.

55:56

If you're not seeking a Paycheck Protection Program loan, maybe you're looking more into EIDL or a line of credit increase there are still some options available. We recommend starting with a conversation with your landlord to see if there is any flexibility or negotiation options as they relate to rent reduction or deferment many landlords during this time are working with their tenant if you pay the security deposit in the past it may be worth it to inquire to see if you can use that deposit to cover an upcoming rent payment if it doesn't appear that these options are going to be available for you.

56:31

You may consider seeking legal counsel to assist you in reviewing your current lease has an amendment to see if there's existing language relating to rent abatement or a force majeure Clause a couple notes Here on the fourth major Clause. So, the specific language within your rent agreement will dictate whether COVID-19 constitutes a force majeure event.

56:50

If your agreement does include an outbreak or pandemic as the fourth major event rent will still likely be due as most of the time these clauses impact the performance within the written agreement rather than the Amendment and again, you may want to check for any rent abatement language that exists within your current lease agreement. Finally, if you're able consider utilizing insurance coverage. It doesn't appear that most carriers are covering business Interruption claims related to COVID-19 right now, but there are many states considering legislation to not mandate these insurers to pay the COVID-19 related business Interruption claims.

57:28

You'll want to be sure that you stay informed on what's happening in your area and Your state and then also reach out to your individual insurance carrier to see if they have any guidance or offerings for relief.

57:42

We also recognize that of course malpractice premiums are another significant expense for most medical practices. These are not an allowable use of those Paycheck Protection Program loan funds but there are some other opportunities to work with your individual malpractice carrier or take advantage of some local legislation. If it's available some malpractice carriers are already issuing statements on deferment of premiums for those businesses impacted by COVID-19.

58:08

So be sure to check with your carrier and see if there are options for Permit for a preset period of time and then some localities are also issuing regulations that provide relief for businesses impacted a prime example here Governor Cuomo in New York has allowed consumers and small businesses that have been impacted financially by COVID-19 to defer paying premiums for Property and Casualty Insurance to include medical malpractice. So be sure to stay informed on what relief may be available in your area and again follow up with your carrier.

58:45

And then of course one of the biggest expenses for medical practices is stopping. So as Lori mentioned, there are several considerations, whether it be layoffs furlough reduced hours. What we want to remind you is to consider those key Revenue generating functions, we've discussed so things like patient and pair follow-up denials management those activities that help bring cash in the door right now and determine your needed Staffing complement to complete those functions.

59:11

So keeping this in mind as you're making any You can hours or cut. It also may be helpful to identify any employees you have who are cross-trained such that they might be able to complete multiple functions at one time particularly as you work with the reduced Staffing compliment.

59:30

And then most importantly communicate with your staff early and often daily. Huddle's can be helpful particularly. If you have more staff that are working from home and this will allow you to touch base and communicate with them and you change in practice protocols that they have emerged as a result of COVID-19. Make sure your staff have the tools that they need to effectively and efficiently communicate with patients regarding any changes.

59:54

So if you aren't senior Telehealth services or you've had changes in how patients can contact their Make sure that your staff members are armed with that information so they can communicate effectively with your patient and then finally make sure that your practices have assess your current policies and procedures and look for any areas where you may need to add or update this pandemic. Of course, we throw around the word a lot but unprecedented. So many practices don't have policies and procedures that address certain issues. They may be facing now one. We wanted to bring particular attention to is work from home policies.

1:00:29

So if those don't Presently exist in your policies and procedures consider adding those particularly as they apply to non-exempt employees who are not used to working remotely may not be sure about when to start and stop their day and there needs to be a determination of how many hours they're expected to work to avoid any unanticipated over time.

1:00:50

So we've covered the top three expense areas with rent malpractice and Staffing but also encourage of course practices to suspend any discretionary expenses to the Sent possible and continue to look for ways to reduce expenses during this time.

1:01:07

So I'll close by letting you all know about our COVID-19 Hub, which many of you have seen this will include prior webinar recording including today's slides transcripts. And then also thought leadership we've put out pay close attention again to the Telehealth guidance. We've issued there which may be helpful for those practices who are considering implementing Telehealth services. And with that. I thank you for joining us this morning and I will turn it back over to Laura.

1:01:34

Thanks to our presenters Lori Foley, Jeffrey Bushong, and Katie Ray. If you have any questions, their presentation and contact information will be emailed to you along with a recording of today's webinar. Also, if PYA can provide assistance, please call or email us. You may also visit

our website at [PYAPC.com](http://PYAPC.com) for more details about our specific areas of expertise or just subscribe to receive PYA Insights.

1:02:03

On behalf of PYA. Thank you for joining us and have a great rest of your day.