PYA Webinar: "Making It Work—Physician Compensation During the COVID-19 Pandemic"

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Disclaimer: To the best of our knowledge, these answers were correct at the time of publication. Given the fluid situation, and with rapidly changing new guidance issued daily, be aware that these answers may no longer apply. Please visit our COVID-19 Hub frequently for the latest information, as we are working diligently to put forth the most relevant helpful guidance as it becomes available.

NOTE:

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0:05
Good morning, everyone and welcome to today's webinar hosted by PYA, "Physician Compensation During The COVID-19 Pandemic." Before we get started with the webinar. I'd like to go over a few housekeeping items. As this event is for CPE credit, there are some additional steps we will take in order to comply with NASBA request in accordance with NASBA attendees will be provided three polling questions throughout today's webinar.

0:36
Responses are documented electronically attendees must respond to these polling questions within the allotted time in order to receive CPE credit for this course, a post-event survey will also be provided for attendees to submit regarding their webinar experience the polling questions and a post event survey must be submitted for proof of participation today.

1:02
You will have the opportunity to submit questions to today's presenter by typing a message into the question pane of the control panel will collect these and address them during the Q&A session at the end of today's event. If we have time. If not, our presenters will reach out to you directly. 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.

1:32
All of our webinars are recorded and released with a copy of the slides after the event.

1:40
And now, I'd like to welcome Diane Bennett with us today from FHA to kick things off.

1:47
Welcome, Diane. Thank you and good morning everyone. My name is Diane Bennett and I'm the director of education at FHA. We are delighted to have the opportunity to partner with PYA in an effort to support our member hospitals to support all hospitals PYA is an inaugural Financial underwriter of the FHA is research and Education Foundation and a leading Professional Services firm providing expertise and healthcare tax management.

2:19

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Consulting and audit and Assurance with that I would like to introduce Andy Caldwell Consulting principal and Katie COVID Consulting senior manager at PYA good morning everyone.

2:35
If you need a reminder today is Tuesday, April 28 and it may for many of us feel like the 100th day of April instead of perhaps the 28th day of April. My name is Angie Caldwell. Thank you, Diane, for the introduction. I am the office managing principal of PYA’s Tampa office. It is a very quiet Tampa office today. I have with me Katie Culvert to is coming to us from a very quiet Knoxville, Tennessee office today. We are so happy to be here virtually with you.

3:19
And look forward to being able to see many of your faces in the months to come. Katie and I work together to advise clients on matters related to physician compensation, design, strategy and fair market value in markets in all 50 states across the country. Our agenda today is fairly simple and comes to you in four different parts first. We want to start with a state of the union if you will we want to talk about this.

3:49
Stark blanket waivers we want to spend some time speaking about the restoration and Recovery strategy for physician resources. And then we want to hit on Hazard Pay considerations as we wrap up our agenda with you today. So, some background for all of us to frame out our discussion on physician compensation, as it relates to its impact or the impact of COVID on division compensation.

4:19
You have probably seen this graphic in front of you before. It comes from The Institute of Health metrics and evaluation. And this graph was as of April 22.

4:33
It shows that we are on the, from the United States perspective, on the right hand side of the curve make no mistake that the right hand side of the curve has specific and different challenges than the left-hand side of the curve had. What we don't know is if when how the Curve will actually tail off and if there will be another curve, another Hill if you will on this trajectory, we don't know if, we don't know when, and we don't know where. So, we are all going through a huge assessment personal professional Healthcare and health wise.

5:19
about all of this and will continue to do so probably for many years to come. What did we do well? And what did we not do so well, so with respect overall to what happened and what has happened to us of course COVID has created some significant challenges for us, and I know all of you are feeling this every day.

5:46
First, cancellation of profitable elective surgery happens, which tend to be hospitals highest margin procedures. Not only hospital highest margin procedures, but Physicians highest margin procedures the fact that hospitals and healthcare providers are treating more unemployed individuals ,because of the boom if you will, in the unemployment rates across our country and not only That employed individual might be hanging onto their cash for a little bit longer with respect to elective surgeries and maybe electing not to have those done when we are allowed to

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get those back up and running. There's been a rising price of temporary staff, across the country temporary staff to staff the testing facility to tattoo staff the COVID unit within the hospitals.

6:45
We've had a high demand for healthcare professional staff and ICUs and NEDs and those who specialize in infection control. On top of all this as if anyone needed anymore, there is an increased cost of supplies related to ventilators PPE and etcetera. So, in 2019, whatever projections rating agencies had related to the cash flow for healthcare and hospitals and health systems.

7:17
Those projections were quickly dismissed and what was supposed to be an increase in cash flow related to these organizations have now been a decline in cash flow for these organizations. So, to give a nod to all of our Florida attendees as well as to our partner the Florida Hospital Association. We wanted to look at and speak about the Florida curve for just a moment. This is published by the same site.

7:46
That we referenced a moment ago. Florida too is on the right hand side of the curve. So, while the previous United States slide showed bed needs and ventilator needs this graph focuses on unfortunately, the number of deaths per day in the State of Florida related to COVID-19.

8:08
The orange shading represents the area of uncertainty Floridians know about this area of Certainty we deal with it every year in hurricane season. This is this is the cone. This is the cone of uncertainty if you will, and so far, we have missed Direct Hit of the eye of this COVID hurricane, if you will, so far. We continue on and again on the right hand side of the curve which represents some significant differences and challenges in the left hand side of the curb a little bit more about Florida, some sobering statistics if you will. The State of Florida had 31,000 as of the date of the preparation of this presentation, 31,000 COVID-19 cases over a thousand people lost their lives due to the virus 4,000 people are currently hospitalized. The safer at home order in Florida is set to expire this Thursday April 100 and third just joking April 30th.

9:16
And we're not quite sure at this time if that order will truly expire. We are still awaiting in Florida for out for governor. DeSantis is guidance and what we know right now is the governor has talked about the importance of getting this right and has talked about baby steps to opening the State of Florida back up. This might be similar in the states where you are where the guidance is, very prescriptive.

9:46
And it's a little bit of the time a little bit of the time. It's in line with the White House guidance that has also been relieved the elective procedure termination order is set to expire on Friday May 8th. Not sure if that will be extended or not. The state continues to look closely at positive rate for new cases. And one of the items that the governor has discussed is allowing pharmacists to order an administer COVID-19 test.

10:16
As time goes on so thinking about all of this and what this has done to you to your hospitals and to your physician practices. I know that you're feeling this every day. And so, let's look at the

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curve on the left hand side of the screen in front of you and in this early, you know curlicue kind of a curve represents what has happened to the revenue Trends during this crisis.

10:44
First of all, we had a sudden infestation of elective procedures a huge drop-off and then a lower volume for the avoidance of facility visits and then there was an expected sir just COVID-19 patients. And so, there was a little hump in the middle of this curve that curve didn't quite happen as many of us expected. And so, does this curve although on this particular graph presents a you know, nice upswing and volume related to COVID-19 patients that that didn't happen. That was a little bit more of a plateau.

11:16
Then the hump that it's showing on your screen as patients as COVID patients subsides. Eventually, we're going to have another trough and then as elective or electives resume. They're going to come back with an intense competition in the form of as rooms are being opened up to provide these procedures in these hospitals are not only all going to come back online at the same time. So, there will be an intense competition for the rooms that are available to provide.

11:46
Divide the procedures under the new guidelines and this all then creates a pressure on your Physicians and on the related collection and on the related physician compensation. Some of these electives will not return. We're not sure of the how the how the slope will increase on the right hand side of this graph. We're not sure how that's going to happen. Some of these electives might not return due to a loss and insurance coverage.

12:16
By unemployment. We're all expecting that to be a bit of a rough ride. So, all of this, of course represents the operation are impacts the operational heart of the hospital and the physician practice and impacts decision compensation in one way or another.

12:37
So, Physicians your Physicians, although they are feeling it personally from a productivity in a compensation and then their practices Point, they also need to understand how these financial and operational challenges are affecting the hospital and health system. The Physicians need to understand everything that is going on.

13:00
And so what our health systems doing to help manage this and to help with the cash flow all of the items that will present and discuss on the next couple of slide PYA has witnessed firsthand and Helping our clients deal with this matter first tone at the top many hospitals health systems and physician practices or reducing their executive salaries and different cash distributions and bonuses for their for their employees and others they are examining their existing lines of credit and using those and tapping into those where appropriate and necessary folks.

13:46
Us are evaluating the temporary deferral of non-essential Capital purchases. This one is as you know, this one hurts because the impact of that may be felt for a long time to come because we all know that the capital is very important and those purchases and Equipment very important to maintaining the level of quality Care on a go-forward basis hospitals are evaluating.

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14:16
Their force majeure clauses that they have in their contracts and agreements that should of course be discussed with legal counsel. They're investigating business Interruption insurance policy for proceeds.

14:29
The information that we are getting is that insurance companies are holding steady on saying that such a claim at this time as it relates to a pandemic is not eligible for a claim or recovery, but we would say keep trying because as We Know Throughout this pandemic and as the environment continues to change and as regulations and more information comes out, there could be a chance that people change their mind. We've seen that happen more than once over the past several weeks as it relates to decisions made as it has impacted by the pandemic folks are managing their supplies expense by leveraging their on GPO products to protect against price increases.

15:16
And this is easy to do managing supplies expense is easy to do for practices. Of course, that have had a severe decline in volume. They are managing employee benefit, timing through 401K matching, and others only as your plans allow.

15:34
So be very very very careful with this, because the last thing you need on top of all the other problems that COVID has created, is a Department of Labor issue related to funding for your 401 k plans or matching to be very careful with that ,but it is an option if your if your plan does allow it. Hospitals and health systems are considering furloughing and reducing hours for non COVID Focus staff leveraging Telehealth Services.

16:03
If you've heard it, once you've heard it a hundred times over the past few weeks, now is the time to get on the Telehealth train leveraging that as soon as possible hospitals and physician practices are pursuing commercial payer advance payment program. They are considering different management fees discussing rate abatement options available to them and evaluating their less liquid assets for potential monetization. Proactively to the extent that you have debt covenants, be proactively addressing those now because all of these cash flow considerations will help you.

16:46
Then with the last bullet on the slide in front of you, which is to affect and impact position compensation going forward whether it's through adjustment now or recalibration going forward. So right now, I'm going to turn things over to Laura for our first polling question.

17:06
Thank you. The first polling question is.

17:11
Which category of shortages is the COVID-19 Health Data graphs for the United States and Florida not cover, please select one: beds, ICU beds, ventilators, critical care physicians? Remember, you must fill out the polling question in order to receive CPE credit. You will have 30 seconds to answer.

18:19
Thank you for participating in our poll now. I'll hand the presentation back to Katie.

18:29

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Thank you, Laura and Angie. Happy 100th day of April to you too. It certainly feels that way here in Knoxville as well. Angie's comments on revenue and managing cash flow actually dovetails quite nicely into our next topic which is of course the Stark blanket waivers these waivers made headline news earlier this year as many of you on this webinar.

18:52
Likely saw. In fact, some of you may even be making use of these waivers already as well or considering using them in the future should an outbreak occur again. And so, we did want to spend a few minutes today discussing these Stark Blanket Waivers and several considerations for use of the waivers as well. So, on March 30th, 2020 earlier this year the US. Health and Human Services. Secretary Alex Azar exercised his emergency Authority Under the Social Security Act and issue these blanket waivers.

19:28
hours of sanctions under the Stark law and as you can see from this slide these blanket waivers Health hospitals and other DHS entities address several things but namely staffing needs and financial issues that came as a result of the COVID-19 pandemics.

19:46
In addition to supporting Physicians and their family members on the front lines the waivers also permit certain Healthcare organizations to address medical practice or business Interruption due to COVID-19, which we're going to discuss here in just a few slides. However, these starts blanket waivers come with one set of conditions and the condition of these blanket waivers was that the remuneration and referrals described in the blanket waivers must solely be related.

20:16
To a COVID-19 purpose and that purpose with a capital P and we're going to talk through what these purposes are on the next two slides.

20:27
So there's actually six COVID-19 purposes that are outlined by HHS and I'm going to go through each of these and you'll see three on this side and three on the next slide as well, but I want to go through these but also want to make a couple of observations as we walked through all six of them.

20:45
You'll know that the very first purpose relates to the diagnosis or medical necessary treatment of a COVID-19 patient or individual regardless of whether or not Patient or individual is diagnosed with a confirmed case of COVID-19. So, this particular purpose didn't surprise me. And I don't think it probably surprised many of you on this call. I expected this to be one of the purposes outlined by HHS what I find particularly interesting though is the second purpose HHS actually clarifies that the purpose is also related to securing Services of Physicians and other practitioners such as a PPS and nurses and so forth.

21:27
Provide patient care even if the patient care is not related to the diagnosis and treatment of a COVID-19 patient so long as the care provided is in response to the COVID-19 outbreak. So, what this means to me is that if you're seeking to secure care for a patient in response to the COVID-19 out grade, even if this care isn't related to treating a COVID-19 patient, this is okay the third purpose relates to ensuring the availability.

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21:57
Ability of healthcare providers to address patient and Community needs. So, what I want to make the point with regards to this COVID is that this extends past your obligation for your individual patient or your spine patient and to the community service by the patient care.

22:15
So, moving on to the next three purposes the first one being expanding the capacity of healthcare providers to address patient and Community needs do the COVID-19 outbreak this purpose essentially allows organizations to create additional availability for providers to care for COVID-19 patients.

22:38
V COVID purpose is Shifting the diagnosis and Care patients to appropriate alternative settings do the COVID-19 out broke and Angie touched on this briefly at the beginning of this presentation, but this could mean a couple of different things. One of them could be Telehealth services. So simply providing the service and a more appropriate environment such as via Telehealth medium or simply providing the services at another location.

23:06
That isn't near an Action that's treating patients with confirmed cases of COVID-19. So, I spreading reducing the spread of this virus.

23:16
The last COVID-19 purpose that which I touched on a couple of slides ago is addressing medical practice or business Interruption due to the COVID-19 outbreak in the United States in order to maintain the availability of medical care and related services for patients and the community.

23:35
So when I read through this last purpose it kind of sounded to me like a catch-all which in some degrees it is but I think it's important because it covers a Aspects that the other five purposes don't necessarily touch but as you read through each of these six purposes, you'll start to notice the one common phrase which I've now said at least six times and that phrase is due to the COVID-19 outbreak. So, the overarching theme of the COVID-19 purposes is the continuity of patient care in response to the COVID-19 pandemic. So, and remember this is regardless of whether the care relates to the diagnosis and treatment.

24:16
the COVID-19 patient or not So I wanted to cover a few other Stark Blanket Waiver specific that we think are important for your understanding as we've digested some of this material as I mentioned. This was announced on March 30th. These waivers actually cover relationship starting on March 1st. So, they are retrospective her. Sorry retroactive the waivers also terminate under the rules of the Social Security Act, which is at the end of the public health emergencies.

24:53
And one thing to note related to that is in the publication that HHS distributed they did not clearly delineate how long organizations are going to have to unwind each of these Arrangements. It's not been clearly defined yet. So, if you are making use of these waivers, make sure that you're considering the timeline that you think it may take to unwind these Arrangements at the end of the public health emergency.

25:23

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As I said, or I'm going to cover in just a few other slides. There's actually 18 scenarios, helpful scenarios that were mentioned in the publication. In fact, it covers about two pages of I think the seven-page document.

25:38
Lastly no formal documentation requirements are required for this particular waiver. Meaning you don't have to formally apply to use the waiver. But HHS does indicate in there in the publication that if they request at any point in the future to see the records where you Illustrated your use of the waiver, you have to be able to submit that to them. So, it goes without saying that you should have that.

26:07
Available now and at the ready at the time period of you starting to use the waiver and what I'll also say in terms of what you should include in your file, you know, that's something you should definitely negotiate or discuss with your legal counsel, but we do have a few quick tips as to what should make its way into your file at a minimum. One of those is the blanket waiver you actually relied upon the second is the COVID-19 purpose.

26:37
Purposes that are being served by the arrangement the arrangement to be protected by the waiver and lastly the identification of the specific parties to the arrangement. Another thing. I'll actually share with the audience to and the event is helpful is we actually created a documentation checklist to assist Healthcare organizations in generating this appropriate documentation. It's not an all-inclusive list, but it does include several questions to help you.

27:07
Start thinking through the necessity of these waivers and your justification for using them. Again. We recommend that as you develop and answer these questions you discuss those with your legal counsel to ensure that you've covered all of your bases, but this checklist is available on our COVID-19 Hub on our on our website and I believe we're going to be distributed after the call as well as for after the webinar as well if that's useful to any of you.

27:38
So one of the things that we also wanted to do in this particular section is talk through three of the start point at waiver examples as I indicated earlier, there's actually 18 scenarios outlined by HHS, but given the time period we have today we've chosen three that we think would be good to talk through an address different aspects of the waivers that have been introduced. We also think we'll give you a quick sense of the types of arrangements.

28:06
These waivers actually covers. So, in the first example what you'll see on this slide relates to waivers which cover personal services of Physicians. So specifically, a hospital is able to pay a physician above their contracted rate and the ability to provide the compensation above the rate and their contract is due the physician providing services and hazardous or challenging environments.

28:33
So the takeaway here is that we don't want compensation to hinder caring for patients as a result of the COVID-19 pain divot and you'll see this theme cropping up in the next two examples as well as the other examples in the publication if you take that out and look through that the second

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example relates to waivers covering signed or written agreement and you'll see that this example relates to commencing Services prior to actually having an executed agreement.

29:01
So, the ride In the signatures in the contract now normally and I know our key compliance officer would tell me this. If she were on this call that it's important that you have appropriate documentation and sign off in the order in which they're set before you commence execution of a contract. So, what this waiver is intending to do is to ensure that caring for patients as a result of COVID-19.

29:27
Don't create any obstacles the Last example that I'll cover is relating to a hospital or home health agency purchasing supplies from a physician practice below fair market value or receiving the items for free now normally in a situation like this you want to consider the potential referral relationships that that crop up when this type of arrangement is happening and I know I sound like I'm repeating myself here.

29:59
But to again the intent of this waiver is to ensure that the hospital The Home Health agency can receive the equipment it needs to care for patients as a result of COVID-19. So, as you can see from this slide, each waiver is very specific and it's requirements as well as its application. So, it's important that you review all of the details with your legal counsel of each waiver before you make any decisions with the arrangement that will ultimately use the waiver.

30:30
And I believe that takes us to our next polling question.

30:33
Thank you. The second polling question is the Starks blanket waivers only cover renumeration and referrals solely related to how many COVID-19 purposes please select one six four or nine. Remember you must fill out the polling questions in order to receive CPE credit. You will have 30 seconds to answer.

31:40
Thank you for participating in our poll now. I'll hand the presentation back to Angie.

31:50
Thank you, Laura, in our next section. We want to address some of the specific Arrangements. You may be party to and how the pandemic is impacting these arrangements and their specific Administration first. We want to talk about Professional Services agreements.

32:13
These arrangements are administered and designed And many different ways they have been directly impacted by physician services not provided and that is a theme that you will hear over the next few slides and discussion topics as well that was evidenced earlier by the graphs at the beginning of our discussion today.

32:43
So, if you think about these PSAs Especially where the hospital is billing and collecting for the services the practice and the hospital May anticipate. They practice to request reimbursement for services or amounts received by the hospital under Medicare released programs.

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33:10
So while the PS a-- itself may call for payment to the practice under Either a compensation per work RVU or perhaps a professional collections / work RVU basis there that payment received by the hospital or health system from Medicare under the relief payment programs was predicated upon Physician Services provided under the PSA to Medicare patients.

33:42
So there is an amount received by the hospital that could logically Then be paid to the practice under the PSA that payment would proxy or estimate the amounts received by the practice if the practice words and that PSA with the hospital, so thinking about how to do this and how to arrange this the type of PSA whether it's a compensation for work our view or professional collections / work RVU PSA is a very important to determining the amount of the payment.

34:17
To the practice specifically a compensation per work. Our view PSA Arrangement is specifically to reimburse the practice for provider compensation. Whereas the collections / work are v-ups a accounts for more than just provider compensation under that PSA. So that becomes very important than in calculating that payment that you could pass through to the hospital. I mean to the practice.

34:44
So the hospital May estimate using the PSA payment data Medicare payer mix and utilizing the 6.2 percent of professional collection to the practice the amount then paid to the practice from those Medicare relief payments Medicare payer mix is very important here and I want to make sure that we highlight that because again, the payments are coming from Medicare to the TIN representing 6.2 percent of Medicare.

35:14
To that TIN and during 2018. So that is Medicare payment from the respective Mac and does not include Medicare Advantage. So, when calculating the payment that may be considered to pass through under the PSA you would want to make sure that the payer mix is taking into account or not taking into account rather those Medicare Advantage payment the

35:44
Hospital should also consider any additional obligations that may be attached to the funds paid to the practice.

35:52
So in at this at this juncture, I would recommend a discussion with legal counsel on this because as we all know Medicare attached to several requirements for those Medicare relief payments, whether those pass through to the physician practice is a little gray and even if they don't pass through to the physician practice the ha Little may want to put certain requirements or provisions on that amount to be passed through with respect to financial assistance agreements or subsidies. If you will again these Arrangements in your organization's from a practice perspective or from the hospital or perspective are being impacted by the physician services not provided. So, when you think about the subsidy the subsidy was determined and predicated.

36:44
It upon a calculation and the payment is based upon the deficit of expenses greater than collections or greater than revenues.

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36:56
So, when your financial assistant agree assistance agreements contain a provision for a Reconciliation and if we can use anesthesia as an example for a moment If you're still under a Reconciliation provision, the anesthesia practice has been not had not been able to provide services. They've not been able to Bill and collect. So, the reconciliation in your agreement is going to show a huge deficit in in excess of what was required to be paid under the agreement under the subsidy amount maybe on a monthly basis the reconciliation Provisions will then require that the hospital or health system true up.

37:38
That reconciliations so that it might lead a huge gap and a huge problem later down the road. So, it's important to be thinking about these items.

37:50
Now first, we would recommend that organizations review the maximum payment clauses within the agreement related to those reconciliation and considering the consider the following negotiations consider negotiating a limit to the subsidy payment you might consider A reduction to the subsidy payments during a to be defined COVID period remove the reconciliation provision entirely perhaps and if the reconciliation will continue, please consider all of the things that should be included in that reconciliation.

38:24
For example, in this type of arrangement The Physician practices billing and collecting so we would want to make sure that Medicare release payments paid to the practice for example under that TIN and the 6.2% We talked about a moment ago are included in that reconciliation also forgivable amounts received by the practice under the triple P.

38:47
You would also want to consider those amounts in a Reconciliation that has not been modified to exclude a COVID period or modified in any other way the third type of agreement, of course our urine position employment agreements and again these are impacted for Mission service has not provided especially where the provider is paid under a compensation per work RVU model many organizations are considering a reduction to base compensation. They are guaranteeing a salary for a a predetermined contract year or for a period of time. They're considering productivity thresholds in the current year and in next year and for plans.

39:38
Out there that reset their base compensation based upon Benchmark survey data. It is not too early to begin thinking about what that survey is. Good data is going to look like from twins from 2020 that will be released in 2021 and how you're going to deal with that in your compensation plans is going to be very very important now is a good time to be considering the long-term goals for your Compensation Plan relationship building now.

40:08
more than ever you're probably feeling and knowing how good and how solid your relationships are with your position whether they are employed or or they're working with user contracts is now the time not right now, but further down the road for the right on this curve we go is it time to consider revamping the plan and putting more at risk for other things and perhaps less productivity based all of these things are things to be Thinking about going forward also you may have as a hospital or health system and begun to feel a reach out from independent

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physician practices who have reached their level of Tolerance from a risk perspective. They may be reaching out to create a stronger Alliance and alignment with the hospital and health system rather through being employed through a perhaps the PSA arrangement.

41:08
Perhaps through a commitment Arrangement, but many practices have reached their risk tolerance level and are in are ready to do perhaps something different. So you may be experiencing that now with Physicians reaching out to you and now maybe that time where you're able to expand your employed physician roster.

41:34
When we think about even further to the right of the curve what we can do to recalibrate physician resources, and if we think about the guidance that CMS and others have put out over the past few days. There are some tidbits in here that we can begin to petite out.

41:58
If you will that give us some Clues as to what physician compensation and physician Arrangements may need to look like Going forward first CMS advised about Telehealth Services. We've already discussed that be thinking about how you're paying your Physicians for those Services second evaluate incidents and trans and coordination with state and local public health officials. Its position resources will be used to coordinate that effort.

42:25
How will you pay them establishing non COVID care areas within your facilities like the Turn that I have about that is an inability to flex position resources across your different units within your facility and how will physician compensation be impacting going forward much as going to transpire over the next weeks and months these organizations ACB, ASA, all of the acronyms here ,on April 17th created some recommendations.

43:04
Specifically about establishing a prioritization policy committee to talk about bringing back up to surgeries and what order those are going to be brought up in again thinking about Physicians serving on those committees from Services or other areas. How will they be compensated? Will they be compensated for serving on that committee?

43:27
What is the tenure of the committee is as a short-term committee or a long-term committee that of course should be documented and thinking about the medical directors across your organization? If your medical directorship Agreements are capped from an hours and dollars perspective. If your medical directors are serving on these committees. Are you going to have an issue in a few months where these positions these traditional leaders have reached their caps from an agreement perspective be thinking about that now and now is the time to get ahead of this and provide for some flexibility?

44:04
And there's medical directors took agreement. So now I'm going to turn things back over to Katie to talk about Hazard Pay for a few moments.

44:14
Thank you, Angie, as we've seen of the last couple of months and we're continuing to see everyday Healthcare Professionals are providing Services relative to the COVID-19 outbreak

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right on the front line. So because of this many of a star or are asking questions related to Hazard Pay so we did want to spend the last little bit of our presentation covering this topic for the audience in the event anyone in the audience.

44:44
Consider Hazard Pay or is still considering how to repay and perhaps more importantly, it's Angie touched on earlier in the event. There is a second outbreak should a hospital or help the same consider this in the future.

45:01
So I wanted to start with the definition because I myself had to look this up to truly understand what hazard pay was and the definitions on this slide are actually from the United States Department of Labor and I'm going to read them to you just because there's only two of them and it's quick definitions. But Hazard Pay is additional pay for performing hazardous Duty work involving physical hardship.

45:29
It's also work duty that causes Extreme physical discomfort and stress which is not adequately alleviated by protective devices and is deemed to impose a physical hardship. So the words that stuck out to me the most and these two definitions are hardship discomfort and the phrase not adequately alleviated by protective devices which sounds pretty familiar to the situation Network currently in right now.

45:55
So it begs the question for a lot of people does a highly communicable disease combined with increasing Nationwide shortage of PPE meet this criteria what we saw earlier when we were discussing the blanket waivers that the blanket waiver actually provides a scenario related to paying positions above their contracted rate, if providing services for COVID-19 patients and hazardous environments. So beyond the walls of healthcare though, and the blanket waivers.

46:26
We've actually seen Hazard Pay and both the Private and the public sectors, so we thought before we get anything. It'd be helpful to touch on how other Industries are implementing Hazard Pay as a market comparable.

46:43
So the first example I'll discuss here. It refers to the office of personnel management and the office of personnel management, OPM for short, actually serves as the Chief Human Resources agency and Personnel policy manager for the federal government. And as you can see on this slide this entity has indicated that Hazard Pay should not exceed approximately 25% of an employee's basic pay and that third bullet.

47:11
Also goes on to say that hasn't patient only applied to an employee's base compensation. So not when an employee is already receiving a premium such as if they're providing overtime and receiving overtime compensation.

47:26
The second example I'll cover is actually the US military within this industry. You'll see there are two different types of bonuses offered for hazard pay scenarios. The first of which is a short war

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time bonus and that's bonuses for professionals and Specialties. The military has deemed to be essential during wartime.

47:50
And then the second example our bonus amounts from medical professionals and those range from Hundred thousand for an infectious disease specialist to 400,000 for Specialties such as anesthesiology and Orthopedics. It's also worth noting that these bonuses are not just lump sum payments that are that are going to these to the US military individuals. They're actually amortized over the time commitment of the individual and the military.

48:19
So they typically will range from somewhere between fifty thousand to a hundred thousand annually and when we look at that, The annual salary of these US military personnel in the individuals receiving these bonuses the hazard pay ranges from somewhere between 15 to 25% of compensation. So we see that 25 percent number cropping up again.

48:44
The last example we'll cover is the non Healthcare Workforce. And these are related to businesses considered essential during a pandemic and what hazard pay guidance they've provided and you'll see some familiar names here Target Amazon Whole Foods some of my personal favorite stores, but these three companies have implemented various Hazard Pay premiums, which range from 10 to 15% of the standard hourly.

49:11
Wait, Standard hourly wage and so these three companies are actually applying a premium on to the hourly rate as opposed to utilizing a bonus.

49:21
The other two examples on this slide are Kroger and Smuckers and you'll see that both of these provide one time bonuses Kroger is awarding them a $300 bonus to full-time employees and Smuckers is using a fifteen hundred dollar bonus for full-time employees, and we did some back of the envelope calculation to figure out what percentage of compensation needs particular bonuses.

49:50
results in for these employees and what you'll find if you use the federal minimum wage rate is that these bonuses range somewhere between two to ten percent of compensation.

50:02
So overall if you look at the last two or three slides that we've covered you can see that other and other Industries have your pay is ranging from somewhere between 2% to 25% of compensation with the average being somewhere between 10 to 15% So likely one of the most important considerations related to Hazard Pay is considering the necessary funding for the compensation as with any expense that you're going to incur in a crisis hospitals have to consider all the factors before they initiate any sort of Hazard Pay strategy now or in the future. So as we saw over the last few months and will likely continue to see going forward.

50:46
I mean Angie and the uncertainty of the revenue streams early in the presentation, but it's really, we're really uncertain as to how COVID-19 is going to continue to affect hospitals and health systems financially. So if Hazard Pay is being considered or has already been considered

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continue to consider the length of time during which it will be provided in conjunction with available guidance on how financial implications are going to affect the hospital.

51:16
I think that leads us to our last polling question.

51:21
Thank you. The third pulling question is.

51:26
Is according to the office of personnel management Hazard Pay may not exceed what percentage of an employee's rate of basic pay 25% 10% or I don't know. Remember you must fill out the polling question in order to receive CPE credit. You will have 30 seconds to answer.

52:29
Thank you for participating in our poll. We're now going to begin answering questions that were submitted during today's presentation as a reminder. You can still submit questions through the question pane in your attend a control panel. Our first question is the Stark blanket waiver suggests maintaining items in your file to support your use of the waiver in the event HHS does not request this at a later point in time.

52:59
Can you talk a bit about what some of the items would be?

53:05
Be thank you Laura and he'll I'll take this question. And if you have additional inside, please try them in I mentioned earlier in the call. We did develop a checklist that has a series of questions. I'm actually looking at it now and there's about twenty six on this list certainly not all inclusive, but it helps you answer those questions and figure out what needs to make its way in your file.

53:30
But as I said earlier at a minimum, we recommend including several Details about the arrangement including the parties to the arrangement the blanket waiver that is being applied as well as the COVID-19 purpose or purposes that the parties are utilizing under the arrangement.

53:56
Okay, thank you. And we have one additional question for which Specialties. Are you seeing hospitals and health systems approach you about with regards to reconciliation issues in the wake of COVID-19 pandemic.

54:12
Eddie this is I'll take this one mostly anesthesia. So from a hospital-based it's a physician's perspective.

54:23
And if you think about that type of position Edie hospitalist trauma surgery anesthesia, Anastasia has been impacted greatly because of the decline in elective procedures we have seen team fielded many requests regarding to a regarding helping with that reconciliation for those anesthesia agreement on the other hand as it relate to Hazzard page to add some additional color to the inner third with respect to Hazard Pay we have not been approached often regarding Hazard Pay I think because Hazard Pay Have been more of a hotspot issue across the

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country. And so while Hazard Pay I think it's just isolated in certain areas and many hospitals and health systems model. They would love to be able to pay Hazard Pay to their providers the cash flow with the current situation just has not allowed those hospitals to be able to pay how to repay definitely something to consider.

55:41
Better going forward but something that has not been to our knowledge used by a great number of hospitals and health systems out there.

55:59
Okay, thank you. And thanks to our presenters Angie Caldwell and Katie Culver. If you have any additional questions, their presentation and contact information will be emailed to you along with a recording of today's webinar. So if PYA can provide assistance with audit tax compliance evaluation or Physician Services call or email us. You may also visit our website at www.pyapc.com for more details about our specific areas of expertise or COVID-19 updates or to subscribe to receive PYA insights. Please remember just stay on the line, once the webinar disconnects to complete a short survey for CPE credit on behalf of PYA and FHA. Thank you for joining us and have a great rest of your day.

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