COVID-19

Financial Toolkit for Medical Practices

Nevada State Medical Association
Advocates for high quality care since 1875

For more information, visit
nvdoctors.org/coronavirus-resource-center
During the COVID-19 pandemic, physician practices are confronting operational and business challenges as they continue to deliver high quality care to their patients. This toolkit provides an overview of financial assistance available to medical practices during and after this difficult time so physicians have the information they need to make the right decisions for their businesses and families.

**Getting Prepared**

The American Medical Association (AMA) has developed a checklist for physician practices that provides high level guidance for practice owners and administrators so they can gain a comprehensive view of the financial status and resiliency of their practices.

The checklist includes:

1. Implement a process for rapid decision-making and planning.
2. Understand your insurance coverage.
3. Evaluate ongoing financial obligations.
4. Make a financial contingency plan.
5. Assess current and future supply needs.
6. Understand how to continue business operations.
7. Consolidate administrative resources, including coding tools.
8. Manage workflow.
9. Use digital health tools.
10. Communicate guidelines to employees

**Medicare Accelerated and Advance Physician Payments**

The Centers for Medicare & Medicaid Services (CMS) on March 28, 2020, announced an expansion of its accelerated and advance payment program for participating Medicare physicians and hospitals. This expansion is intended to lessen the financial hardship of providers facing extraordinary challenges related to the COVID-19 pandemic and help with cash flow problems that many physician practices are experiencing.
According to CMS, it had already delivered more than $51 billion in COVID-19 related advance payments as of April 9, 2020.

To qualify for accelerated or advance payments, the physician must:

- Have billed Medicare for claims within 180 days immediately prior to the date of signature on the provider’s/ supplier’s request form;
- Not be in bankruptcy;
- Not be under active medical review or program integrity investigation; and
- Not have any outstanding delinquent Medicare overpayments.

For more information, see the CMS fact sheet on the application process

Financial Assistance Programs

State and federal policymakers have developed legislation focused on economic relief for small businesses. The following is a list of funding programs that could assist physicians in maintaining financial viability. Please note that the federal economic relief legislation was signed into law on March 27, 2020. Federal regulators are now charged with providing detailed guidance on how to apply for the new funding. NSMA will post the new rules as soon as they are released.

Loan and Grant Programs

Small Business Administration

New Paycheck Protection Program

Forgivable Loans From Private Lenders

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) provides $360 billion in funding for new Small Business Administration (SBA) loan and grant programs. One of those programs is the Paycheck Protection Program (PPP), which will provide small businesses with less than 500 employees with forgivable, zero-fee loans of up to $10 million or 2.5 times their average monthly payroll costs. Part of these loans may be forgiven and not counted as income if it’s spent during the first eight weeks on operating expenses, such as payroll, group health care benefits, lease payments, mortgage interest, and utilities.
These PPP loans are available from participating private financial institutions. Physicians can apply through participating SBA 7(a) lenders or through any participating federally-insured depository institution, federally insured credit union and Farm Credit System institution. You should consult with your local lender as to whether it is participating in the program. Here is the SBA find a lender near you tool: [sba.gov/paycheckprotection/find](http://sba.gov/paycheckprotection/find).

Principal and interest will be deferred for at least six months and all borrower fees are waived. No collateral or personal guarantees are required. This loan has a maturity of two years and an interest rate of .5%.

Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.

More specifically, to receive forgiveness, businesses must maintain the same average number of employees for the first eight-week period beginning on the origination date of the loan as you did from February 15, 2019 - June 30, 2019, or from January 1, 2020, until February 15, 2020. If a business does not meet this standard, the amount of the loan that will be forgiven will be reduced. If businesses reduce compensation for employees who make under $100,000 by more than 25%, as compared to the most recent quarter, even less of the loan will be forgiven. There’s one overall exception. Businesses won’t be penalized for a reduction in employment or wages during the period from February 15, 2020, to April 26, 2020, if you rehire employees that you previously laid off or restore any decreases in wages or salaries by June 30, 2020. (The US Chamber of Commerce offers a step-by-step checklist and payroll calculation).

Employers can obtain forgiveness for salary amounts up to $100,000 per employee. For purposes of calculating “average monthly payroll, "most applicants will use the average monthly payroll for 2019, excluding costs over $100,000 on an annualized basis for each employee.

NSMA recommends that interested physicians apply for the program immediately because the demand for these loans will be high. You can [download the application](http://www.nvdoctors.org) to see the information that will be requested from you.

Two critical documents related to the implementation of the Paycheck Protection Program were updated and released. See below.

- [Paycheck Protection Program Loans: Frequently Asked Questions](http://www.nvdoctors.org) (Updated 4/14/2020)
- [Interim Final Rule – Additional Eligibility Criteria and Requirements for Certain Pledges of Loans](http://www.nvdoctors.org) (Released 4/14/2020)

This temporary emergency assistance can be used in coordination with other COVID financing assistance established in the bill or any other existing SBA loan program.
According to a report from the SBA dated April 13, 2020, the number of loans made between April 3 and April 13 was 1,035,086 with a gross dollar value of $247,543,393,521. The number of lenders involved is 4,664.

Please note that the banks were overwhelmed with applicants in the first week of the program and the fund was exhausted by April 15, 2020. On April 21, 2020 the Senate passed an aid package that delivers an additional $310 billion to the Paycheck Protection Program. The bill now goes to the House which is expected to vote on it Thursday, April 23, 2020. Therefore, physicians should continue to pursue local lenders.

**Existing Economic Injury Disaster Loan Program**

SBA will work directly with state governors and private financial institutions to provide targeted, low-interest loans to small businesses and non-profits that have been severely impacted by the Coronavirus (COVID-19). The SBA’s [Economic Injury Disaster Loan (EIDL) program](https://www.sba.gov/funding-assistance/disaster-hurricane-relief) provides small businesses with working capital loans that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. EIDLs are loans of up to $2 million that carry interest rates up to 3.75% for companies and up to 2.75% for nonprofits, as well as principal and interest deferment for up to 4 years. The loans may be used to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses. A business that receives an EIDL between January 31, 2020, and June 30, 2020, as a result of a COVID-19 disaster declaration is eligible to apply for a PPP loan or the business may refinance their EIDL into a PPP loan. In either case, the emergency EIDL grant award of up to $10,000 would be subtracted from the amount forgiven in the payroll protection plan.

**New Economic Injury Disaster Loan Grant Program**

The federal economic relief law includes $10 billion in grant funding to provide an advance of $10,000 to small businesses and nonprofits that apply for an SBA [economic injury disaster loan (EIDL)](https://www.sba.gov/funding-assistance/disaster-hurricane-relief) within three days of applying for the loan. The new $10,000 EIDL grant does not need to be repaid, even if the grantee is subsequently denied an EIDL, and may be used to provide paid sick leave to employees, maintaining payroll, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments. Eligible grant recipients must have been in operation on January 31, 2020. The grant is available to small businesses, private nonprofits, sole proprietors and independent contractors, tribal businesses, as well as cooperatives and employee-owned businesses. The SBA will issue additional details and guidance on the new program shortly.
Express Bridge Loans

Express Bridge Loan Pilot Program allows small businesses who currently have a business relationship with an SBA Express Lender to access up to $25,000 with less paperwork. These loans can provide vital economic support to help small businesses overcome the temporary loss of revenue and can be term loans or used to bridge the gap while applying for a direct SBA Economic Injury Disaster loan. If a small business has an urgent need for cash while waiting for decision and disbursement on Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan.