



Panel Discussion: The CARES Act & Other Financial Assistance For Your Practice

April 21, 2020

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PANEL OF EXPERTS



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DISCLAIMER

This webinar contains up-to-date information as of Tuesday, April 21, 2020. Please be advised during this evolving Public Health Emergency updated guidance is released frequently.

Please continually monitor updates from the Dept. of Treasury, CMS, HHS, Dept. of Labor, IRS, CDC, etc.

It is the responsibility of all attendees to ensure full compliance with federal, state and local authorities.



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WEBINAR NOTES

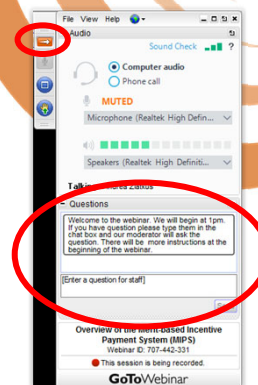


Attendee Control Panel
(Collapsed View)

The webinar software may revert to Collapsed View automatically after a few minutes.

To Switch Between Full View and Collapsed View Click The Orange Arrow

Type your question into the window at any time during the Town Hall and the moderator will ask your question during Q&A



Attendee Control Panel
(Full View)



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AGENDA

HHS Provider Relief Funds

SBA Paycheck Protection Program Loans

CMS Accelerated & Advance Payment Program

COVID-Related Tax Implications

Impact of Other Funding Sources

Additional Question & Answer

HHS PROVIDER RELIEF FUNDS

HHS RELIEF FUNDS

Eligibility

- All that received Medicare fee-for-service (FFS) reimbursements in 2019.
- To get immediate payments: have direct deposit info on file with Optum Bank (a division of United Health Group). Otherwise, providers who get paper check from CMS will receive a paper check for the funds “within a few weeks”
- Formula: $\left(\frac{\text{your total 2019 CMS payments}}{\$484,000,000,000} \right) \times \$30,000,000,000$

Terms

- Repayment of these funds is not required.
- Recipients must provide care during the COVID PHE. However, care need not be specific to treating COVID-19. HHS defines COVID-19 care broadly and views every patient as a possible case of COVID-19.
- Providers must agree not to seek collection of out-of-pocket payments from a COVID-19 patient that are greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network provider.
- Within 30 days of receiving the payment, providers must sign an attestation confirming receipt of the funds and agreeing to the terms and conditions of payment (10 page agreement).
- Many practices received direct deposit on Fri, April 10, 2020. **Put MAY 10th in your calendar!**



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HHS RELIEF FUNDS

Challenges With The Program

- Touted as “no strings attached” but there are major strings attached (10 pages of strings).
- Too few details given
- Attestation is “All or Nothing”. You take the entire amount or nothing at all
- Any recipient of \$150,000 or more is required to provide additional expense reporting within 10 days of the close of each quarter in 2020.

Further Clarifications Needed

- What truly qualifies as a valid expense?
- What happens if we do not spend all the relief money by the end of 2020?
- What are the tax implications of this relief money?



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Panel Discussion





SBA PAYCHECK PROTECTION PROGRAM LOANS

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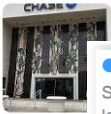
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SBA PPP LOANS

USA TODAY

Chase and other banks shuffled Paycheck Protection Program small business applications, lawsuit says


The move meant that Chase would collect larger processing fees, nearly \$6 billion in total. The suit follows similar allegations against Wells ...



USA TODAY

SBA: PPP processed more than 14 years worth of loans in less than 14 days


SBA: PPP processed more than 14 years worth of loans in less than 14 days. Paycheck Protection Program is working to help small businesses, ... if it hasn't ...



CNN

Shake Shack, Ruth's Chris and other chain restaurants got big PPP loans when small businesses couldn't


For local D.C. bakery DC Sweet Potato Cake, \$23000 would have gone a long way.



CNN

Shake Shack returns \$10 million emergency loan to the US government


Shake Shack is returning a \$10 million loan it received from the US government under an emergency program that was touted as a way to help ...



Inc.com

PPP Funding Ran Out in 14 Days. Round 2 Could Go Even ...


Indeed, plenty of banks including Republic Bank, an SBA lender in Philadelphia, are still accepting and processing loans from both existing and new customers, ...



Washington Post

Schumer Says SBA Loan Deal Reached; White House Says ...

Senate Democratic leader Chuck Schumer said Tuesday his party's congressional leaders and the Trump administration reached a tentative ...



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SBA PPP LOANS

Eligibility

- Any business, 501(c)(3) non-profit, 501(c)(19) veterans' organization, or Tribal business with 500 or less employees (or that meets the SBA industry size standard of 500+ employees)
- Any business with a NAICS Code that begins with 72 (Accommodations and Food Services) that has more than one physical location and employs less than 500 per location
- Sole proprietors, independent contractors, and self-employed persons

Loan Terms

- Must apply through an SBA approved lender
- Loan payments will be deferred for six months.
- No collateral or personal guarantees are required. Neither the government nor lenders will charge any fees.
- This loan has a maturity of 2 years and an interest rate of 1%.



Info access on 4/19/2020 from <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>



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SBA PPP LOANS

Loan Forgiveness

- The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities during an 8-week period starting from receipt of funds.
- However, due to high subscription of PPP Loans, at least 75% of the forgiven amount must have been used for payroll.
- Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Amount of forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.



Info access on 4/19/2020 from <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>

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SBA PPP LOANS

Challenges With The Program

- You snooze, you lose
- At the mercy of your bank
- Likely need a previous business-lending relationship
- Are the banks motivated? These loans are not a big win for them (1% interest and no loan fees allowed)
- **You need to advocate for your business** at the highest levels of the bank possible; your representative is likely powerless

Further Clarifications Needed

- What is taxable?
- Is the 8-week period cash-basis or can it be accrual?
- If cash-basis, can we process payroll early to maximize loan forgiveness?
- Can we bonus our employees or give hazard-pay raises during the 8-week reporting period?



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SBA PPP LOANS

Survey Replies

18102

Most Recent Survey Reply

4/20/2020 6:46

These figures are self-reported by small businesses to us. This data is crowd-sourced.

PPP Loan Applications = 12,541

EIDL Grant Applications = 12,261

PPP Loans Granted = 941

EIDL Grants Granted = 904

% of Small Businesses Received Loan to Date = ~
6.5%

% of Small Businesses Received Loan to Date = ~
6.4%

Total \$ Awarded = ~ \$320,000,000

Total \$ Awarded = ~ \$9,000,000

Median Employee Count = 10

Median Loan Size = \$90,000

Median Length to Receive Loans = 9 days



covidloantracker @covidloantrackr · Apr 8

Hi Everyone, we are small business owners and created a website/survey that helps small businesses track #COVID19 PPP loans and grants. This enables us to share more insight about the disbursed these loans. Please fill out if it's relevant and share:



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SBA PPP LOANS

Our NORM Community Data

Percentage Applied for SBA PPP Loan: **95.8%**

Median Loan Size: **\$275,000**

Yes, Loan Granted: **51.8%**

Yes Group

Date Average Date Applied: **4/7/2020 Morning**

Big Banks: **29.6%**

Small Banks: **70.4%**

73 Survey Replies

Median Employee Headcount: **19**

Top 3 Big Banks (# of applications):

Truist Financial, Bank of America & PNC Bank

No, Not Granted: **48.2%**

No Group

Date Average Date Applied: **4/7/2020 Afternoon**

Big Banks: **61.5%**

Small Banks: **38.5%**



SBA PPP LOANS

Panel Discussion



SBA PPP LOANS



CMS ACCELERATED & ADVANCE PAYMENT PROGRAM



ADVANCED PAYMENTS

Eligibility

- Have billed Medicare for claims within 180 days immediately prior to the date of signature on the request form
- Not in bankruptcy
- Not under active medical review or program integrity investigation
- No outstanding delinquent Medicare overpayments.
- May request up to 3 months worth of Medicare payments in advance

Terms

- Each MAC will work to review and issue payments within seven (7) calendar days of receiving the request.
- Repayment of these accelerated/advance payments to begin 120 days after the date of issuance of the payment.
- Inpatient acute care hospitals, children's hospitals, certain cancer hospitals, and Critical Access Hospitals (CAH) have up to one year from the date the accelerated payment was made to repay the balance.
- All other Part A and **Part B providers/suppliers** will have **210 days** from the date of the accelerated or advance payment was made to repay the balance.



ADVANCED PAYMENTS

Panel Discussion



ADVANCED PAYMENTS

The IRS logo, featuring a stylized eagle with wings spread, perched on a shield, with the letters 'IRS' to its right. The logo is white and set against a gray circular background, which is itself surrounded by concentric orange and blue arcs.

COVID-RELATED TAX IMPLICATIONS

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TAX IMPLICATIONS

Employee Retention Credit

- A refundable credit is established against the employer portion of payroll taxes for employers that are financially impacted by COVID-19 in the last three quarters of 2020. Tier 1 payroll taxes are eligible to be offset by the credit. The credit is calculated as 50% of compensation paid to qualified employees (including health care benefits), not to exceed \$10,000 per employee.
- In order to qualify, a business must face a government mandated shutdown or see a 50% decrease in gross receipts when compared to the same quarter of the prior year. The business becomes ineligible once gross receipts increase to 80% of the amount earned in the same quarter of the prior year.
- For employers with more than 100 employees, the credit is allowed for compensation paid while employees are unable to provide services.
- For employers with less than 100 employees, the credit is allowed for compensation paid while the business qualifies due to a decline in gross receipts or government mandated shutdown.
- Businesses that receive an SBA PPP Loan are ineligible for the credit.



Delayed Payment of Employer Payroll Taxes

- Employers and self-employed individuals can defer payment of the employer portion of payroll taxes that would have been due in 2020. One half the deferred amount must be paid by December 31, 2021, and the remaining half must be paid by December 31, 2022.

Paid Leave Tax Credit (FFCRA)

- To reimburse employers for the paid leave requirements, the law expands the tax credit that was available to employers offering paid leave.
- Employers are now eligible to receive 100% reimbursement for paid leave, including health care benefits paid. The credit also applies to self-employed individuals.
- Employers will claim the credit on Form 941, Employer's Quarterly Federal Tax Return and can benefit from the credit more quickly by reducing their federal employment and income tax deposits. If a complete reduction of tax deposits is insufficient to cover the cost of paid leave, then employers can file Form 7200 to claim an advanced refund.



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TAX IMPLICATIONS

Panel Discussion



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TAX IMPLICATIONS



IMPACT OF OTHER FUNDING SOURCES



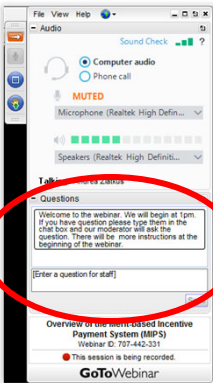

Panel Discussion





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OPEN MIC

During the Open Mic You Have Two Options:

1. Type your question into the window at any time during the Town Hall and the moderator will ask your question

OR

2. Click Button To "Raise Your Hand" and the moderator will announce your name and unmute your line so you may make your comment/question live.

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RESOURCES

- A collection of COVID-19 resources at normgroup.org under the **RESOURCES** tab
- Download documents from HANDOUTS section of the webinar control panel
- Look to other trusted resources like NICA, ACR, AMA and your super groups and medical service organizations

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