

Covid-19 Funding Sources and Strategic Considerations for Independent Physicians and Physician Groups

April 30, 2020

1. What are the Health and Human Services (HHS) guidelines for estimating losses?

HHS asks that providers provide an estimate of revenue losses in March 2020 and April 2020 due to Covid-19.

For example, if you had a budget prepared without taking into account the impact of Covid-19, the estimated lost revenue could be the difference between your budgeted revenue and the actual revenue. It would also be reasonable to compare the revenues to the same period last year.

2. What is the status of the Paycheck Protection Program (PPP)?

After the original PPP allocation of \$349 billion was exhausted, Congress added \$310 billion through the Paycheck Protection and Health Care Enhancement Act passed on April 24, 2020.

There is a risk that funds will be rapidly exhausted if not already. Most banks are no longer taking applications. We recommend all eligible applicants reach out to their banks to apply as soon as possible, if allowing applications.

3. What are some examples of “double dipping” of expenses? Can I utilize PPP loan funds and existing grant funding?

It is important to document revenue loss and Covid-19 related expenses and ensure you do not accept funding from any source that exceeds your total documented Covid-19 related revenue loss and expenses.

For example, there are several telehealth programs. If an organization received more funding for telehealth services from multiple programs than spent in total in expenses, that would violate the terms of the program and constitute as double-dipping.

You can utilize PPP loans and other grant funding, so long as you maintain adequate documentation of Covid-19 related expenses and revenue losses and ensure that the total funding is equal to or less than total revenue losses and expenses.

4. How much of money from these monies can be used to make whole the physicians who have lost a lot of the compensation which they earned from productivity?

Both the CARES Act and the Paycheck Protection and Health Care Enhancement Act have provider relief funds aiming at making physicians whole from increased costs and decreased revenues including revenues earned from productivity due to Covid-19.

The CARES Act Provider Relief Fund contained \$100 billion in relief. To date, \$30 billion has been automatically distributed in a value proportionate to providers' share of Medicare fee-for-service (FFS) reimbursements in 2019. \$20 billion distributed to providers to augment their original allocation. Payment is based off the revenue data submitted in the Centers for Medicare and Medicaid Services (CMS) cost reports or information submitted through the online portal.

The Paycheck Protection and Healthcare Enhancement Act, also known as the interim (3.5) stimulus bill, contained an additional \$75 billion in provider relief. The legislation is very similar to the original \$100 billion allocated to providers in the CARES Act. HHS will allocate the funds to specific programs, so providers should be vigilant about future applications to ensure they are first in line for funds.

5. I have a specialty private practice. I do not treat or test patients with Covid-19, nor do I see Medicare patients. Am I eligible for any government relief being distributed to providers?

Despite the fact the PPP plans appear to be potentially exhausted, we recommend you contact your bank and other banks to determine if you are able to apply, as PPP is currently the best potential source of funds for your situation.

Depending on the size of your organization and your goals, you may be eligible for additional loan opportunities, like the Main Street Program loans.

Of the \$100 billion CARES Act Provider Relief, additional targeted funds may be allocated for providers who do not treat Medicare patients. It will also be important to monitor the additional \$75 billion in the latest stimulus bill, as funding maybe available to meet your needs.