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**Community Care**  
OF NORTH CAROLINA

## **Navigating Coronavirus Series**

**Financial Resources in the CARES Act – Part 2**  
**April 14, 2020**

# This webinar series brought to you by

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# Information, not legal advice

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- Agency interpretations, guidance, and the regulations are evolving constantly. We have tried to include the latest information in this presentation, but some details could have changed while we were preparing it or could change later.
- We strongly suggest you review agency materials carefully and talk to your practice CPA and/or attorney prior to applying for aid under these new federal options.

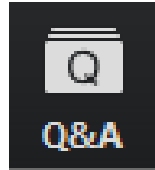
# Today's Presenters

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- L. Allen Dobson, Jr., MD  
CEO, Community Care of North Carolina
- Shawn Parker, Esq.  
Attorney, Smith Anderson
- Kelly W. Wiseman, BSN, RN-BC, PCMH CCE  
Director of Practice Support, Wake AHEC

# Logistics for today's webinar

**Question during the live webinar**



[questionsCOVID19webinar@gmail.com](mailto:questionsCOVID19webinar@gmail.com)

**Technical assistance**

[technicalassistanceCOVID19@gmail.com](mailto:technicalassistanceCOVID19@gmail.com)

# Update on Provider Relief Programs

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Practical guidance and business considerations for health care providers regarding recently enacted federal economic stimulus programs

1. Paycheck Protection Program, FAQs from 04.07.2020
2. Public Health and Social Services Emergency Fund (PHSSEF) – (\$100B) Provider Relief Fund – update
3. Medicare Accelerated and Advanced Payment Program

# **Paycheck Protection Program**

# Paycheck Protection Program - Calculating Payroll by Entity Type

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- 1099 Contractor
  - Sum of Income reported on 1099-MISC received
- Sole proprietor
  - Net profit as reported: Schedule C (line 31)
  - 2019 income statement
- Partnership income\*
  - 2019 Self-employment earnings: Schedule K-1 (line 14)
- S-corporation/ C-Corporation
  - Salary as reported through payroll service
  - Salary may only be considered if paid through payroll while remitting payroll tax.



# Paycheck Protection Program- Calculating Payroll by Entity Type

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## Example -

1. Practice is an LLC with one or more Members, has a formal operating agreement that outlines ownership percentages

- Apply for the PPP as a partnership
- 2019 salary as an owner of this business will be very closely related to the net profit of the business
- Leave out your member draws
- \$100,000 maximum per individual
- If negative and no W-2 employees do not apply for PPP

# Paycheck Protection Program-

## Definition of payroll cost

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Does exclusion (excess of \$100,000) apply to all employee benefits of monetary value?

- No. The exclusion of compensation in excess of \$100,000 annually applies only to cash compensation, not to non-cash benefits, including:
  - Employer contributions to defined-benefit or defined-contribution retirement plans;
  - Payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums; and
  - Payment of state and local taxes assessed on compensation of employees.

# Paycheck Protection Program- Calculating Employees and FTEs

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## **Employee versus FTE**

- PPP Eligibility is based on 500 or fewer *employees* (not defined in IFR)
- 13 CFR 121.106
  - SBA counts all individuals employed on a full-time, part-time, or other basis.
  - Part-time and temporary employees are counted the same as full-time employees.

## **FTE**

- Combination of employees each of who individually are not employed on average 30 hours per week, but in combination exceed 30 hours
  - Two employees, each work 15 hours per week = 1 FTE

# Paycheck Protection Program- Calculating Employees and FTEs

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## **FTE importance**

- Forgiveness is reduced if you decrease FTE (or decrease salaries by 25% for any employee under \$100,000) during “covered period”
- You have to June 30<sup>th</sup> to restore FTE and salary levels
  - Employment changes outside of your control
  - Typical Employment changes (increased office hours)

*Example – Practice normally operates with 3 employees; each year hires 3 additional employees for 3 winter months (6 total). Average number spanning 12 months rounds to 4 employees*

## **Covered Period**

- 8-week period begins on date lender makes the first disbursement of the PPP loan.
- First disbursement of the loan- ten calendar days from the date of approval

**Public Health and Social Service Emergency Fund**  
**“Provider Relief Fund”**

# Public Health and Social Services Emergency Fund

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- Appropriates an additional \$100 billion to the “Public Health and Social Services Emergency Fund” to reimburse “eligible health care providers” for COVID-19 related **health care expenses or lost revenues**.
  - Public entities, Medicare or Medicaid providers (others) that provide diagnoses, testing, or care for patients with possible or actual cases of COVID-19
  - Attributable to COVID-19
    - Medical supplies and equipment (person protective equipment)
    - Increased workforce and trainings
    - Retrofitting facilities, building temporary structures

*Can only be used for non-reimbursable expenses*

# Public Health and Social Services Emergency Fund

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## *Applications*

- First tranche (initial rapid distribution)
  - \$30 Billion to 2019 Medicare FFS providers
    - Does not have to be repaid or forgiven
  - Grants based on Medicare Revenue (proportionate)
    - Limited conditions on use
  - Paid by “direct deposit” based on billing organization’s TIN
  - Must acknowledge receipt and agree to terms and conditions:
    - Attestation will be linked at:  
<https://www.hhs.gov/provider-relief/index.html>

# Public Health and Social Services Emergency Fund

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## *Terms and Conditions*

- *Certify currently* provides diagnoses, testing, or care for individuals with possible or actual cases of COVID-19
- Non-termination, non-exclusion
- Agree to use funds for health care related expenses or losses attributable
  - Not reimbursed from other sources, i.e., PPP and forgivable payroll costs
- Cannot balance bill any out of network patient for COVID related treatment
- See general statutory requirements (restrictions on use of federal funds)



# Public Health and Social Services Emergency Fund

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## *Reports*

- Maintain and submit appropriate records and documentation (45 CFR § 75.302 and 45 CFR § 75.361 through 75.365 )
- Specifically if you receive >\$150,000 of Corona response funds, quarterly report:
  - Amount of funds received that were expended or obligated for reach project or activity;
  - A detailed list of all projects or activities for which large covered funds were expended or obligated, including: the name and description of the project or activity, and the estimated number of jobs created or retained by the project or activity

# Public Health and Social Services Emergency Fund

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## *Payment Amounts:*

- Providers will be distributed a portion of the initial \$30 billion based on their share of total Medicare FFS reimbursements in 2019.
- A provider can estimate their payment by dividing their 2019 Medicare FFS (not including Medicare Advantage) payments they received by \$484 billion (this is total FFS payments nationally in 2019) and multiply that ratio by \$30 billion

## Example

Practice bills Medicare FFS \$1.21M in 2019 –

$$1,210,000 / 484,000,000,000 \cdot 30,000,000,000 = \mathbf{\$75,000}$$

# Public Health and Social Services Emergency Fund

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## *Things to consider:*

- Have not provided guidance on penalties for non-compliance
- You do not have to accept the funds
- Document, document, document your expenses and make a plan for use of funds!

## **\$70 billion remains**

*CMS recognizes that there are other types of healthcare providers (e.g., obstetricians-gynecologists, pediatricians, and nursing homes) that do not receive significant funds from Medicare. These healthcare providers will be addressed in the second tranche of funding in which these types of providers will be prioritized.*

# **Medicare Accelerated & Advance Payment Program**

# What does the program do?

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- Increases cash flow to providers and suppliers participating in the Medicare Part A or B program and impacted by COVID-19.
- CMS has delivered \$51 billion and processed 21,000 requests thus far (CMS only had 100 requests over the past 5 years due to hurricanes)
- Cash advance of up to 3 months of the average monthly Medicare payments; program is very much like a “salary advance”
- Program is only in effect during the COVID-19 pandemic

# What are eligibility requirements?

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Provider or supplier must meet the following conditions:

- Must have billed Medicare claims within 180 days immediately prior to date of signature on the request form
- Not be in bankruptcy
- Not be under active medical review or program integrity investigation
- Not have any outstanding delinquent Medicare overpayments

# How to get paid?

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- Qualified providers and suppliers will be asked to request a specific amount using an Accelerated or Advance Payment Request Form provided on their MAC's website.
  - Most will be able to request up to 100% of the Medicare payment amount up to a 3-month period.
  - Critical access hospitals (CAH) can request up to 125% for a 6-month period.
  - Certain hospitals (cancer, children's, acute inpatient) can receive up to 100% for 6-month period.
- Each MAC (Medicare Administrative Contractor) will review and issue payments within 7 calendar days of receiving the request.

# Do I have to pay this back and if so, how?

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- This is a cash advance and will need to be repaid.
- Repayment begins 120 days after the issuance date of the payment. Repayment must be completed within 210 days. Hospitals have 1 year to complete repayment.
- The provider or supplier can continue to submit claims as usual after the issuance of the accelerated or advance payment.
- Recoupment will not begin for 120 days. Providers will receive full claims payments during the 120-day delay period.
- At the end of the 120-day period, the recoupment process will begin and every claim submitted will be offset from the new claims to repay the accelerated payment.
- Thus, instead of receiving payment for newly submitted services, the outstanding payment balance is reduced by the claim payment amount. This process is automatic.



# How to apply?

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- Complete and submit a request form to your MAC via email or mail. Palmetto GBA is North Carolina's MAC.
  - Note: Incomplete forms cannot be reviewed/processed.
- Palmetto GBA's toll-free hotline is 1-833-820-6138 (office hours: 8:30am-5:00pm).
- Application is one page and available at:  
[https://palmettogba.com/palmetto/Mforms.nsf/files/FN-JJ-B-2005.pdf/\\$File/FN-JJ-B-2005.pdf?Open&](https://palmettogba.com/palmetto/Mforms.nsf/files/FN-JJ-B-2005.pdf/$File/FN-JJ-B-2005.pdf?Open&)
- Needed information for the form:
  - Amount requested
  - PTAN and NPI numbers
  - Authorized Representative signature

# **Merit-Based Incentive Payment System**

# 2019 MIPS Changes due to COVID-19

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- [Quality Payment Program - COVID-19 Response Fact Sheet](#)
- Data submission deadline is extended to April 30, 2020 at 8pm ET, if you want to submit.
- If QPP receives **no submission**, the providers will receive **automatic** extreme and uncontrollable policy applied and receive a neutral payment adjustment for the 2021 payment year.
- If you **already submitted** and want to take exception, **you still can** (except for groups and virtual groups who have fully submitted data). You must apply by April 30, 2020.
- [Extreme and Uncontrollable Circumstances Application](#)

# Questions?

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