




BKD Health Care

**Healthcare
Providers &
the CARES Act**

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To Receive CPE Credit

- **Individuals**
 - Participate in entire webinar
 - Answer polls when they are provided
- **Groups**
 - Group leader is the person who registered & logged on to the webinar
 - Answer polls when they are provided
 - Complete group attendance form
 - Group leader sign bottom of form
 - Submit group attendance form to training@bkd.com within 24 hours of webinar
- If all eligibility requirements are met, each participant will be emailed their CPE certificate within 15 business days of webinar

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Presenters




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Agenda

- 1 Overview
- 2 Temporary Relief
- 3 Accelerated & Advance Payment Program
- 4 \$100 Billion Public Health & Social Services Emergency Funding
- 5 FEMA Eligibility
- 6 CMS-1744-IFC, Interim Final Rule
- 7 U.S. Small Business Administration Loans

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Overview: What's Happened to Date

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COVID-19 Relief Packages

COVID-19 Relief Package One	<ul style="list-style-type: none">• Signed into Law: March 6• Emergency Health Funding
COVID-19 Relief Package Two	<ul style="list-style-type: none">• Signed into Law: March 18• Individual Relief
COVID-19 Relief Package Three	<ul style="list-style-type: none">• Signed into Law: March 26• Focus: Economic Relief

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CARES Act

LOANS TO BUSINESSES

- \$500B Economic stabilization
- \$377B Small business loan forgiveness grants & others

DIRECT AID

- \$260B Unemployment insurance
- \$150B Aid to states
- \$350B Supplemental appropriations Includes \$150B healthcare funding

TAX PROVISIONS

- \$292B Recovery rebate payments to individuals
- \$10B Retirement & charitable
- \$276B Business tax provisions

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Financial Relief for Healthcare Providers

Temporary Cash Flow Relief

Deferral of employer portion of FICA Social Security tax – 6.2% through 12/31/2020 over the next two years
Not available to SBA Paycheck Protection Program participants

Accelerated payments from Medicare

1. Maximum of six months of claims (7/1/2019–12/31/2019) for IPPS, cancer & children's hospitals & its subproviders
2. Maximum of 125% of the six-month period above for CAHs
3. Maximum of three months of claims for all other providers

Repay beginning on day 121 for 1. & 2. above until 12 months after payment issued. Repay beginning on day 121 for 3. above until seven months or 210 days after payment issued

Potentially Forgivable Cash Flow Relief

Do you have 500 or fewer employees, including affiliates, & are not a governmental entity?

No: You are likely not eligible for SBA programs. However, businesses in certain industries may still meet the [SBA employee-based sized standards](#)

Yes: You may be eligible for

1. SBA Paycheck Protection Program¹ &/or
2. SBA Economic Injury Disaster Loan (EIDL) Program²

¹ You must choose either the employee retention credit **OR** the SBA Paycheck Protection loan if you qualify for both. Governmental entities do not qualify.
² Businesses will be able to receive an EIDL & a Paycheck Protection Program loan as long as they are used for different costs. Only \$10,000 grant, remaining up to \$2M is a loan.

Permanent Cash Flow Relief

Are you an eligible healthcare provider* per the Public Health & Social Services Emergency Fund?

No: Was your business fully or partially closed during any 2020 calendar quarter due to government orders resulting from COVID-19?

Yes: You may qualify for the employee retention credit¹. There is a [BKD workpaper template](#) to help calculate this credit

\$100 Billion for COVID-19 reported & documented

- Healthcare-related expenses
- Lost revenues
- Building or construction of temp structures
- Supplies & PPE, retrofitting, surge capacity

Funds may not be used to reimburse expenses or losses that are reimbursed from other sources

*Public entities, Medicare or Medicaid enrolled suppliers & providers, & for-profit & not-for-profit entities that provide diagnoses, testing or care for individuals with possible or actual cases of COVID-19

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
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Temporary Relief

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 **Temporary Relief**

PAYMENT CHANGES & DELAYS !

- » Temporarily lifts Medicare 2% sequester
- » Delay DSH reduction until December 1, 2020
- » Increases Medicare reimbursement on COVID-19 DRGs by 20%

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Accelerated & Advanced Payments Program

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Medicare Part A & B Providers & Suppliers

Accelerated & advanced payments are intended as emergency funding to address cash flow issues for Medicare providers & suppliers, particularly during times of national emergencies or disasters

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Who Can Participate?

TO QUALIFY, A PROVIDER/SUPPLIER MUST



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How Much Will the Payments Be?

» Providers/Suppliers

Up to 100% of Medicare payment for a three-month period

» Hospitals

Up to 100% of Medicare payments for a six-month period

» Critical Access Hospitals (CAH)

Up to 125% of Medicare payments for six-month period

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How Does It Work?

- Each Medicare Administrative Contractor will attempt to review & issue payments within seven calendar days of receiving the request
- Repayment will begin 120 days after the date the payment is issued
- Inpatient acute care hospitals, children's hospitals, certain cancer hospitals & CAHs have up to one year from the date the accelerated payment was made to repay the balance
- All other providers & suppliers will have 210 days from the date of the payment is made to repay the balance
- Repayment will occur through offset of claims payments until the full amount of accelerated or advance payment is complete

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What Should Be Considered During the Recoupment Period?

CONSIDER CASH FLOW!

CONSIDER FULL REPAYMENT!

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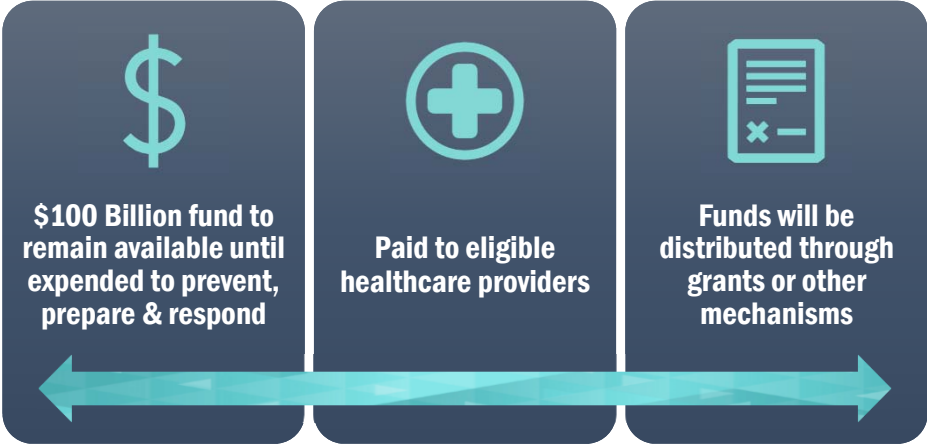
\$100 Billion Public Health & Social Services Emergency Funding

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Public Health & Social Services Emergency Fund (PHSSEF)




\$
\$100 Billion fund to remain available until expended to prevent, prepare & respond

+
Paid to eligible healthcare providers

☒
Funds will be distributed through grants or other mechanisms

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Public Health & Social Services Emergency Fund (PHSSEF)

Funds cannot be used to reimburse expenses or losses from other sources or that other sources are obligated to reimburse

Recipients of payments from the Fund will be required to submit reports & maintain documentation as the Secretary determines are necessary to maintain compliance

The Secretary has **not** provided guidance on the process to apply for payments under PHSSEF & will review applications & make payments on a rolling basis

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Public Health & Social Services Emergency Fund (PHSSEF)

**IT'S ALL
IN THE
DETAILS !**

- » Applications must include a statement justifying need & a valid tax identification number
- » Funds are available for building or construction of temporary structures, leasing of properties, medical supplies & equipment, increased workforce & trainings, emergency operation centers, retrofitting facilities & surge capacity
- » Lost revenues has not been defined by the Secretary, but consideration of lost revenue as a result of delaying & canceling nonemergency procedures, decrease in operating revenues & margins & losses tied to providing fee testing or screening as part of COVID-19 response efforts
- » Payment could be in the form of prepayment, prospective payment or retrospective payment
- » Payments shall be made in the most efficient payment systems

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Public Health & Social Services Emergency Fund (PHSSEF)

The Office of Inspector General of the Department of Health & Human Services will submit a final report not later than three years after final payments are made to the Committees on Appropriations of the House of Representatives & the Senate

The Inspector General or the Comptroller General could conduct audits of interim payments at earlier dates

Not later than **60 days** after the enactment the Secretary will provide a report to Committees on Appropriations of the House of Representatives & the Senate on obligations of funds summarized by State of the payment receipt & every 60 days thereafter until funds are expended

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What Healthcare Entities Should Know About FEMA Eligibility

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FEMA Public Assistance Program

WHO IS ELIGIBLE?

- » State, territorial, tribal, local government entities
- » Certain private not-for-profit organizations

*Private for-profit entities, including for-profit hospitals, are **not** eligible for assistance directly from FEMA*

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Emergency Protective Measures

Eligible Category B Costs related to COVID-19

COSTS COVERED	COSTS NOT COVERED
<ul style="list-style-type: none"> • Triage & medically necessary tests, diagnosis & Rx costs • Emergency medical treatment & transport • Use or lease of necessary specialized medical equipment • Purchase of PPE, DME & consumable medical supplies • Medical waste disposal related to eligible emergency care • Evacuations & sheltering • Force account labor 	<ul style="list-style-type: none"> • Lost revenue • Nonessential employee costs • Straight time

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Procurement Under FEMA Grants

RULES APPLYING TO STATE ENTITIES

States are required to follow their own procurement procedures as well as the federal requirements for procurement of recovered materials & inclusion of required contract provisions per 2 C.F.R. parts 200.317, 200.322 & 200.326

RULES APPLYING TO NON-STATE ENTITIES

For all other types of entities, including tribal entities, 2 C.F.R. part 200 establishes requirements for the exigency or emergency exception that permits the use of noncompetitive procurement procedures

Failure to follow federal contracting & procurement requirements puts non-state entities at risk of not receiving reimbursement or not being able to use FEMA grant funds for otherwise eligible costs

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Track FEMA Eligible Costs

**TRACK
DILIGENTLY
NOW** !

- » Retroactive to January 20, 2020
- » Implement a standardized process to track costs & retain all supporting documentation
- » 5% add on to cover indirect costs & use of consultants

CMS-1744-IFC

Interim Final Rule

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CMS Interim Final Rule: March 30, 2020

- Purpose to “change Medicare payment rules during the public health emergency (PHE) for the COVID-19 pandemic so that healthcare entities are allowed broad flexibilities to furnish services using remote communications technology to avoid exposure risks to health providers, patients, & the community”
- Expands the list of services furnished through telehealth for the duration of the PHE
- Removes barriers for physicians & health systems to adopt remote treatment options

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CMS Interim Final Rule: 03.30.20

-  Expands the codes Medicare providers & suppliers can bill for telehealth services
-  Expands modes of telecommunication
-  Increases reimbursement for certain areas
-  Eliminates telehealth frequency limitations

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CMS Interim Final Rule: 03.30.20

 Home Health Clarifies homebound status Allows telemedicine & remote patient monitoring to provide services to beneficiaries	 Hospice Allows home care services via telehealth Allows physician or nurse practitioner can use telecommunication to perform a face-to-face encounter	 Rural Health Clinics Enhanced payment rates for telehealth services
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▶▶ CMS Interim Final Rule: 03.30.20

- ▶▶ Reimburses travel costs for laboratory collections
- ▶▶ Reimbursement for physician & nurse practitioner telephone visits with patients
- ▶▶ Resident FTE counts for GME to include residents furnishing services from home or the patient's home
- ▶▶ Allows hospitals to furnish services to inpatients outside the hospital (four walls)

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SBA Loans

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U.S. Small Business Administration Coronavirus Relief Options




\$349B

[Paycheck Protection Program](#)




\$10k ADV.

[EIDL Loan Advance](#)




\$650K

[SBA Express Bridge Loans](#)




SBA Debt Relief


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Paycheck Protection Program

WHO
CAN
APPLY ?


- 

A small business concern that meets SBA's size standards (industry based or alternative size)
- 

Any business, 501(c)(3) NFP, 501(c)(19) veterans organization, or tribal concern with the **GREATER** of

 - 500 employees
 - SBA industry size standard (per SBA website not in recent 4/6/2020 FAQ, CARES Act or regs)
- 


Any business with a NAICS Code beginning with 72 having > 1 physical location & employs < 500 per location

 - Accommodations (hotels)
 - Food services
- 

Sole proprietors, independent contractors & self-employed persons

Governmental organizations are *not* eligible to apply

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Paycheck Protection Program

Subsector 622—Hospitals		
622110	General Medical and Surgical Hospitals	\$41.5
622210	Psychiatric and Substance Abuse Hospitals	\$41.5
622310	Specialty (except Psychiatric and Substance Abuse) Hospitals	\$41.5

Subsector 623—Nursing and Residential Care Facilities		
623110	Nursing Care Facilities (Skilled Nursing Facilities)	\$30.0
623210	Residential Intellectual and Developmental Disability Facilities	\$16.5
623220	Residential Mental Health and Substance Abuse Facilities	\$16.5
623311	Continuing Care Retirement Communities	\$30.0
623312	Assisted Living Facilities for the Elderly	\$12.0
623990	Other Residential Care Facilities	\$12.0

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Subsector 621—Ambulatory Health Care Services		
621111	Offices of Physicians (except Mental Health Specialists)	\$12.0
621112	Offices of Physicians, Mental Health Specialists	\$12.0
621210	Offices of Dentists	\$8.0
621310	Offices of Chiropractors	\$8.0
621320	Offices of Optometrists	\$8.0
621330	Offices of Mental Health Practitioners (except Physicians)	\$8.0
621340	Offices of Physical, Occupational and Speech Therapists and Audiologists	\$8.0
621391	Offices of Podiatrists	\$8.0
621399	Offices of All Other Miscellaneous Health Practitioners	\$8.0
621410	Family Planning Centers	\$12.0
621420	Outpatient Mental Health and Substance Abuse Centers	\$16.5
621491	HMO Medical Centers	\$35.0
621492	Kidney Dialysis Centers	\$41.5
621493	Freestanding Ambulatory Surgical and Emergency Centers	\$16.5
621498	All Other Outpatient Care Centers	\$22.0
621511	Medical Laboratories	\$35.0
621512	Diagnostic Imaging Centers	\$16.5
621610	Home Health Care Services	\$16.5
621910	Ambulance Services	\$16.5
621991	Blood and Organ Banks	\$35.0
621999	All Other Miscellaneous Ambulatory Health Care Services	\$16.5

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Paycheck Protection Program

HOW DOES SBA CALCULATE ANNUAL RECEIPTS?

- ✓ From the sale of products or services
- ✓ Interest
- ✓ Dividends
- ✓ Rents
- ✓ Royalties
- ✓ Fees
- ✓ Commissions
- ✓ Reduced by returns & allowances
- ✓ Receipts do not include net capital gains or losses or related party transactions

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How does the SBA determine affiliation?



Control

- Ownership
- Management
- Relationships with other concerns
- Contractual relationships

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Paycheck Protection Program

LOAN DETAIL

- Loan to cover eight weeks of payroll costs & interest on mortgages, rent & utilities (existing 2/14/2020)
 - 2.5 times average monthly payroll (**maximum of \$10M**)
 - Most should use average monthly payroll for CY 2019
 - Seasonal businesses – 2/15/19–6/30/2019 (or eight-week period between)
 - New businesses – 1/1/2020–2/29/2020
 - Exclude costs over \$100K on annualized basis for each employee
 - Limit applies to cash compensation
 - Limit does not apply to noncash benefits (employer contributions to retirement plans, group healthcare coverage & state & local taxes)
 - Gross payroll (do not include employer's share of payroll tax)
 - Economic Injury Disaster Loan (EIDL) made between 1/31/2020–4/3/2020 can be refinanced as part of PPP (net of any "advance" under an EIDL COVID-19 loan)
 - Six-month initial deferment on payments of principal, interest & fees
 - Maturity of two years & 1% interest rate

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Paycheck Protection Program

LOAN FORGIVENESS

- At least 75% of the forgiven amount must have been used for payroll
- Forgiveness is based on the employer maintaining or rehiring employees by June 30
 - Forgiveness will be reduced if full-time head count declines, or if salaries & wages decrease
- Provides for forgiveness of up to the full principal amount of the loan & any accrued interest
- **Precludes participation in employee retention tax credits**
- **Precludes participation in employer tax deferral option (deferral of 6.2% over two years)**

CERTIFICATIONS REQUIRED

- Knowingly making false statements to obtain a PPP is punishable under the law
 - Imprisonment of not more than 30 years &/or
 - Fine up to \$1,000,000
- Knowingly using funds for unauthorized purposes, subjects recipients to fraud charges

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Economic Injury Disaster Loan

Who Is Eligible?

- » Any small business with less than 500 employees as defined by PPP provisions (few exceptions)
- » Includes sole proprietorships, independent contractors & self-employed persons
- » Private not-for-profit organizations or 501(c)(19) veterans organization affected by COVID-19
- » Governmental organizations are not eligible

Working Capital

- » Provides for working capital of up to \$2M
- » Interest: 2.75% not-for-profits, 3.75% for-profits

Advance Payment

- » Up to \$10,000 within days after successful application
- » The \$10,000 will not have to be repaid

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- Lost revenues
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Was your business fully or partially closed during any 2020 calendar quarter due to government orders resulting from COVID-19?

No
If your business remained open, were gross receipts during any quarter in 2020, less than 50% of what they were for the same quarter in 2019?

Yes
You may qualify for the employee retention credit¹. There is a [BKD workpaper template](#) to help calculate this credit

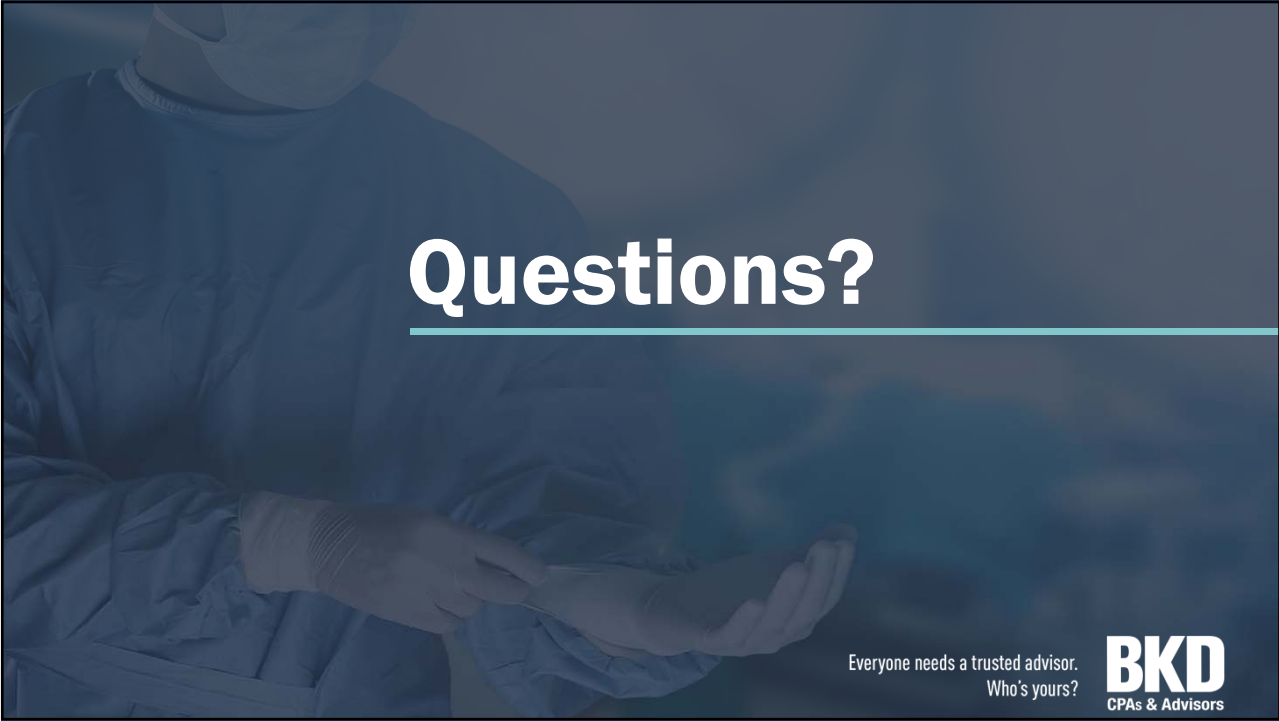
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CPE Credit

- CPE credit may be awarded upon verification of participant attendance
- For questions, concerns or comments regarding CPE credit, please email the BKD Learning & Development Department at training@bkd.com

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Thank You!

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