

The Business Impact Of COVID19 On Pediatric Practices

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Sharing what PMI & PCC clients are experiencing and how you can address them...



Paulie Vanchiere



Chip Hart

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Chip's Mantra

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- Flexibility is crucial
- Communication is crucial
- Get Your Billing House In Order
- Take Care of Yourself

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Paulie's Mantra

Practice Good Medicine & It Will All Work Out (Maybe)

Good medicine is the foundation to success...

Hospitals get to submit cost reports, Pediatric practices do not...

What We Are Not Going To Talk About

1. COVID19 Testing Options
2. Amount of time providers/staff should self-isolate
3. Treatments for people affected
4. Predict how long this will last
5. Issues that are geographic-specific

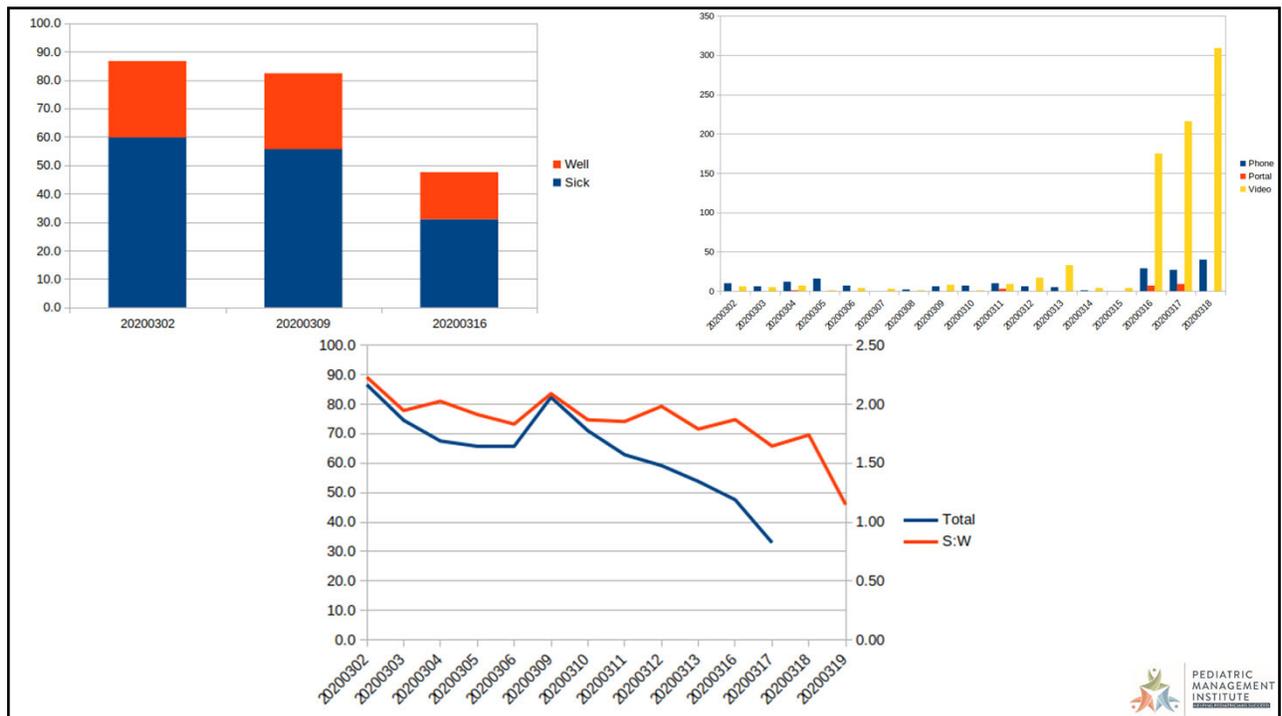
If we do not know the answer, we will tell you that we don't know

Agenda

1. Cash Flow
2. Visit Volume
3. Manage Constrained Office
 - Staff & Providers
 - Patients
4. Leadership
5. Telemedicine
6. Which Bills Do I Pay?!?
7. Owner/Partner Compensation Issues
8. Questions Received
9. Concluding Thoughts

Adversity doesn't build character, it reveals it.... It also reveals our vulnerabilities!!

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Cash Flow

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1. Reduced visits = reduced revenue...while expenses are going up.
2. NOW is the time for pediatricians to get paid for work they've been giving away forever.
3. Now is the time to get the billing department to clean up all your insurance AR
4. Line of Credit with bank
5. Get your coding act together. There are codes for phone calls, there are codes for portal exchanges, and there are codes for video conferencing. They all have RVUs. Many are being paid.
6. No owner bonuses- consider a reduction in owner draw/salary
7. Keep an eye on your numbers.
8. Work with an accountant to delay tax payments as long as possible.
9. Get in line with your accountant *now*
10. SBA Loans
11. Reduce vaccine purchases knowing that the next two months you will still have to pay what has already arrived
12. Review insurance to see if you have Stop-loss coverage
13. Verify orders are on backorder with McKesson/Medline, etc...

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Visit Volume

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1. Consider weekend of check-ups only
2. Be prepared to get caught up on checkups after passes
3. Your recall system is *crucial* during and after this crisis – identify who needs to come in quickly.
4. Well visits in morning / Sick in afternoons
5. Expect a baby boom in 9 months

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Manage Constrained Office (Staff/Providers)

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1. A Team / B Team- divvy up into weekly or bi-weekly shifts to minimize the risk of all providers being sidelined at the same time
2. Multiple offices: make one space well, one sick; single location practices with space in the building, same thing.
3. Rotate staff to minimize everyone getting sick at the same time?
4. Identify at-risk clinicians or people who can work from home.
5. QuickBooks online versus desktop
6. Have a plan for at-risk employees. Now is the time for people to tell you they are pregnant. Be aware of HIPAA violations. Repurpose paid clinicians or staff.
7. Remote access to EMR/Business File/Payroll
8. Worker's Compensation issues
 - Hartford (CT) states will not cover for exposure-only PTO
 - May not pay for COVID19-related illness as difficult to prove if came from work-related activity
 - If employee/provider dies as result of COVID9, be prepared for testing to possibly trace origin (Duke University?)
9. Microsoft Teams Software. Comes with "Essentials" package of \$5.00 per month per user

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March 19, 2020

Families First Coronavirus Response Act Signed into Law

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As enacted, the legislation:

- Mandates all employer-sponsored health plans cover COVID-19 testing.
- For U.S. **private employers with less than 500 employees¹ and all public agency employers with 1 or more employees** ("Covered Employers"), the Act:
 - Provides up to 12 weeks of leave under FMLA for eligible employees who have been employed for at least 30 days and unable to work (or telework) due to a need to care for a son or daughter under 18 years of age when their school or place of care has been closed, or the childcare provider of such son or daughter is unavailable, due to COVID-19.
 - Creates a federal paid sick leave law providing for employer-paid leave of up to 80 hours to employees for COVID-19 issues.

The Act does provide for the possibility of regulations that could limit employers to which the expanded FMLA provisions would apply. Such regulations may provide for:

- The possible exclusion of certain health care providers and emergency responders from the definition of eligible employee; or
- An exemption for businesses with under 50 employees if compliance might jeopardize the viability of the business.

The Act's provisions mandating group health plan coverage for COVID-19 testing is effective immediately. The FMLA changes and paid sick leave take effect no later than April 2, 2020 and remain in place until the end of 2020.

The following provides highlights of the final enacted legislation. It is not an exhaustive summary.

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MANDATED COVID-19 TESTING – ALL EMPLOYERS

The Act requires all employer-sponsored health plans to provide coverage for testing and other services related to COVID-19 without:

- cost sharing;
- prior authorization; or
- other medical management requirements.

The tests and services include:

- In vitro COVID-19 diagnostic products that are cleared or authorized by the FDA, including their administration; and
- Items and services furnished to an individual during health care provider office visits (including telehealth visits), urgent care center visits, and emergency room visits that result in an order for, or administration of, an in vitro diagnostic product, described above.

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FMLA EXPANSION – COVERED EMPLOYERS ONLY

The Act requires Covered Employers to temporarily (April 2, 2020 through December 31, 2020) expand FMLA protections and benefits to employees who have been employed 30 calendar days and need leave as a result of a school closure or closure of a childcare provider due to the public health emergency related to COVID-19.²

USI Note. The technical amendments significantly narrowed the available leave and removed leave protections associated with an employee's own exposure or symptoms related to COVID-19 or that of a family member. Keep in mind that traditional FMLA (unpaid leave protections for an employee's own serious health condition, or that of a family member) remains available.

This new COVID-19-related FMLA leave includes an unpaid and employer paid leave. The first 10 days of the COVID-19 FMLA leave are unpaid. During this period of unpaid leave, an employee may elect to substitute any accrued vacation leave, personal leave, or medical or sick leave.

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PAID SICK LEAVE – COVERED EMPLOYERS ONLY

Covered Employers must also provide paid sick leave in connection with COVID-19. The Act's paid sick leave provisions apply to all employees, even those employed less than 30 days, and apply to all Covered Employers. Under the final legislation, an employer may (but is not required to) exclude employees who are health care providers or emergency responders from the sick leave requirement.

An employee is eligible for paid sick time under the Act to the extent that the employee is unable to work (or telework) due to a need for leave because:

1. The employee is subject to a federal, state, or local quarantine or isolation order related to COVID-19.
2. The employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.
3. The employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.
4. The employee is caring for an individual who is subject to an order as described (1) or has been advised as described in (2).
5. The employee is caring for a son or daughter of such employee if the school or place of care of the son or daughter has been closed, or the childcare provider of such son or daughter is unavailable, due to COVID-19 precautions.

Further, the final bill includes a maximum amount of paid leave as follows:

- \$511/day (\$5,110 in the aggregate) for sick leave associated with (1), (2) or (3) above (generally the employee's own care).
- \$200/day (\$2,000 aggregate) for sick leave associated with (4), (5) or (6) above (care for a family member or other designated illness).

The Act also includes a posted notice requirement related to paid sick leave. A model notice should be made available within 7 days of enactment (by March 23, 2020).



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POSSIBLE TAX CREDITS – COVERED EMPLOYERS ONLY

Beginning on a date to be determined between now and April 2, 2020 and ending on December 31, 2020, the Act provides refundable payroll tax credits for employers providing paid family leave or paid sick leave wages required under the Act due to COVID-19.

While further regulations will better clarify the tax credits available to employers providing COVID-19-related FMLA and sick leave, it is important to note that the final rule includes credit for an employer's qualified health plan expenses allocable to wages associated with the respective leaves.

A refundable payroll tax credit is allowed for 100% of wage payments made under expanded FMLA, which, subject to further guidance, may include "qualified health plan expenses" allocable to such wages. However, for each employee, the credit is capped at \$200 per day and \$10,000 in the aggregate (or 50-day total limit).

A refundable payroll tax credit is also allowed for private employers for 100% of payments made for qualified paid sick leave wages, which, subject to further guidance, may include "qualified health plan expenses" allocable to such wages. However, this credit is limited in several ways:

- Wages taken into account are generally capped at \$511 per day per employee.
- Wages taken into account are capped at \$200 per day per employee for employees caring for a family member or for a child whose school or place of care has been closed.
- Only 10 days, in aggregate, may be taken into account.

Set Up
Payroll
Adjustment
/ Pay Type
To Track
FMLA-
related
payments

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Manage Constrained Office (Patients)

1. Chronically ill children- DME orders
 - Oxygen
 - Formula, etc.
2. Remote nurse triage
 - ClearTriage offering free version of COVID19-related information within the next week
3. Flag Confirmed Cases of COVID19
4. Clean, Clean, Clean...
5. Remove toys & reading materials

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Leadership

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1. Communication is crucial
 1. Partners
 2. Employed Providers
 3. Staff
 4. Patients
2. Ability to make edits on website / social media
3. Cooperation among community physicians, SOAPM
4. Time To Step Up With Effective Leadership
 - Daily check-in with employees / huddles, if possible
 - Daily alignment of expectations
 - Hold people accountable daily

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Telemedicine

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1. KISS
 - Keep
 - It
 - Simple
 - Stupid
2. Don't be cheap and use Skype/Facetime
3. Get the right vehicle to drive the effort
4. Invest in telemedicine infrastructure: proper mics, lighting, cameras.
5. Practices looking to keep million-dollar business afloat cannot afford to do this on the cheap...

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Which Bills Do I Pay?!?

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Asking for a friend...

1. At this point we may have enough money for 2 pay periods- taking out a large line of credit. We have a 41% reduction in patient visits (and compared with another practice similar in size who showed the similar percent drop in visits)should we be cutting back our overhead- personnel and non personnel by 41%?
2. We have a wonderful staff - if we have to lay some off how can we ease their pain?

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Reality Check

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1. Two to three months (or more) of reduced visits
2. Make a budget with those numbers and see what it shows...it's going to be an ugly math problem.
3. Multiple locations consider consolidating to save expenses
4. Many practices do not have cash reserves and may not be able to get line of credit
 - Each owner draw on home equity / LoC?

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Owner/Partner Bonus Issues

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Someone was "Asking for A friend"....

Practice is a private practice, partner owned with combination of owners and employed physicians

We have a complicated quarterly salary calculation based on a rolling 12-month period. Is it possible to just stop the current salary calculation for the next quarter (April-June) and just do our best to cover costs?

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Questions Received

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1. Cutting back hours on hourly employees
2. How to deal with salaried employees/providers who want to work but there is no business
3. How to deal with providers who decided to stay home in order not to catch this virus and abandoned their moral responsibility yet expect to use up their unearned PTO
4. Dealing with vaccine companies re: payments for vaccines purchased in past
5. Meeting basic financial obligations- mortgage/utilities/etc. in the face of declining revenue
6. Potential sources of income - we are doing telemedicine but only 2-3 visits per day so far.
7. Any bailout expected for pediatric practices???
8. Patients expecting to be seen for free since they are in tough financial situation - saying they can't pay current copay or past balances
9. Life insurance- I don't think many providers are aware that if they die from coronavirus it is unlikely the life insurance will pay out - they may have exclusion(s) for pandemic.

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Follow Up Items

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- Copy of this webinar will be posted tomorrow.
- Slide deck with list of items covered
- FMLA/Employee Pay Issues Summary
- Visit PediatricSupport.com and PCC.com for additional information
- Practice good medicine...keep an eye on finances...stay healthy