

The Business Impact Of COVID19 On Pediatric Practices

Webinar #5



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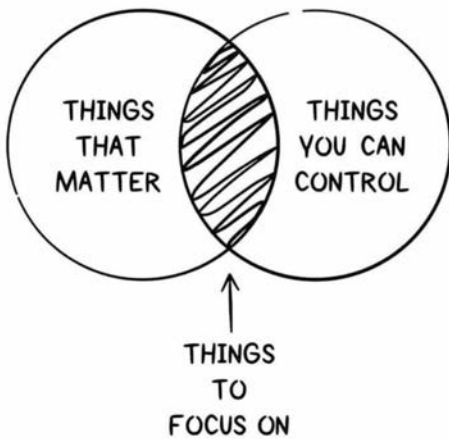
What We Are Not Going To Talk About

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

Leaving it to the Pedi-ID nerds to guide that conversation
;)



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CONTROL

WHAT YOU CAN

*Let go
of
Everything
else*

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Economic Policy

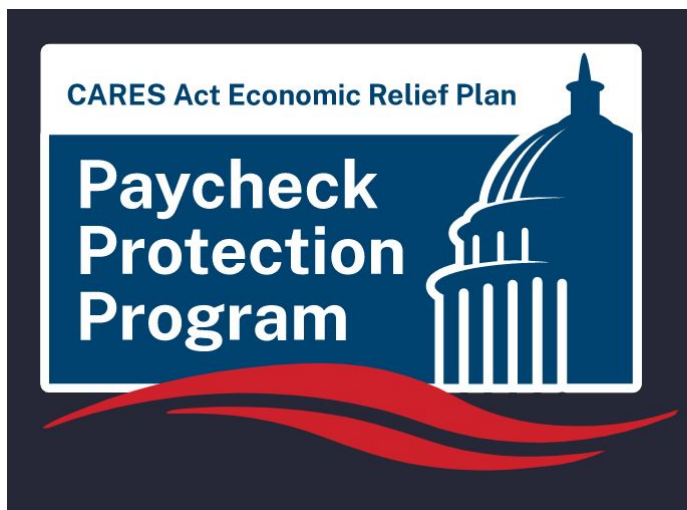
White House says new small business loan program is out of money, leaving many firms grasping for lifelines

Lawmakers can't agree on how to update the \$350 billion Paycheck Protection Program, which Republicans say ran out of money in just two weeks



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Agenda

1. Top Items From Past Webinars
2. PPP Loans
3. Data Report
4. Leadership (Dr. Una)
5. Telemedicine
6. Managing The Crisis (Dr. Ysern)
7. Billing & Practice Management Issues
8. Best Practices
9. Homework This Weekend
10. Q&A Session

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

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U.S. JOBLESS CLAIMS SKYROCKET AMID CORONAVIRUS OUTBREAK



More children will be added to the Medicaid rolls....

Practice will see shift in payor mix and delivery of care (Telemedicine)
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Advocacy



The Uncertain Future Of Pediatric Practices As The COVID19 Pandemic Evolves

Paul D. Vorchers, MBA

Ask any Pediatrician about the financial affairs of their practice and they will agree that the financial aspect of a pediatric practice is akin to running a local Walmart with high volume and low margins to keep their doors open. For pediatric practices to remain financially viable and care for the millions of children every day, it is incumbent that they have a steady flow of patients through their office to generate the revenue needed to cover their high fixed costs. Pediatric practices are locked into juggling between the mission of their profession and financial impact stemming from the COVID19 pandemic. Most pediatric practices run operational overhead rates well above 10% before considering reasonable compensation for themselves, nurse practitioners and/or physician assistants. Despite their best efforts to work within these realities, they remain at the bottom in terms of physician compensation.

Since the announcement of the Paycheck Protection Program (PPP), the Pediatric Management Institute (PMI) has been working with pediatric practices from around the country to develop various strategies to bridge the divide between now and a new future that awaits them. Despite an unprecedented shift to telemedicine visits from less than 1% of visits to over 50% in less than four weeks, pediatric practices are limited in their options to remain financially solvent. Like many other businesses in the United States, these uncertain economic times are forcing pediatric practices to turn to a variety of financing options during this time.

Based on the experiences of PMI clients, the PPP, while noble in its intent, is not providing the needed timely assistance to those whose mission is to care for our most vulnerable population—the children of our country. The PPP was designed to provide businesses such as pediatric practices a lifeline to obtain low-cost financing that could be forgiven if used for qualifying expenses¹. Unfortunately, the viability of the PPP as the solution for pediatric practices is predicated on the pandemic being a relatively short-term event and reasonable access to funding—both of which are unpredictable.

The PPP Details Are Important

The PPP loan amount is determined by a calculation that considers the practice's payroll costs over twelve months to arrive at an "eligible loan amount". Based on certain conditions being met, much, if not all the loan will be forgiven. For many pediatric practices, this program represents an unprecedented opportunity to continue employing front line workers tasked with ensuring the health of our children. Simply put, this is a lifeline not only for 90,000+ pediatricians across the United States, but a major step towards ensuring the children of our country receive the care they need.

According to a recent Bloomberg report², by mid-day, Tuesday, April 14, 2020 "almost 1.1 million applications, totaling more than \$257 billion, had been approved since the Small Business Administration program launched April 3rd". On the next day, it was reported that \$296 billion had been allocated across 1.3 million PPP loans³ with provisions that the all available budgeted funds would be



approved, it appears that the average payroll for companies who have the PPP loans approved thus far is approximately \$1.1mm⁴.

According to census data examining 7 million businesses across the top 33,731 geographic areas across the United States, the average business payroll is approximately \$605,401⁵.

Metro Areas Examined	33,731
Businesses	7,712,664
Employees	119,695,879
Average Salary	\$ 39,943
Emp/Bus	15.55
Per Business Payroll	\$ 606,401

Additional analysis of the census data, excluding the top and bottom 10% in terms of average salary, revealed consistent average salary per employee and business size:

Metro Areas Examined	26,333
Businesses	6,200,864
Employees	87,603,267
Average Salary	\$ 36,630
Emp/Bus	14.13
Per Business Payroll	\$ 517,499

When comparing the estimated payroll size for each approved PPP loan amount with the data from the U.S. Census data, it seems inconsistent with the average business in the United States after generous allowances for the additional expenses permitted to calculate the average PPP loan amount. While refinement of the data to include businesses with more than 500 employees is warranted, the noticeable disconnect remains—leading many to speculate that the businesses being approved for PPP loans may be larger than your average "small business" the PPP is touted as being provided for.

With regard to pediatric practices, they are unlikely to have \$1.1 million in payroll expenses until they have more than 4-6 providers—suggesting that a large number of pediatric practices may currently be without access to PPP funding. While many pediatric practices with less than four providers have reported to us receiving approval of their PPP loans, thus far it has been anecdotal, at best. Until all relevant data is made publicly available and properly analyzed, confirmation of our initial assessment is not possible. However, given that time is of the essence to properly support the financial viability of pediatric practices, it is important to examine the situation sooner, rather than later.

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Takeaways From Last Four Weeks

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Webinar 1:

- Flexibility
- Communication
 - Prepare Staff
 - Prepare Providers
- Cash flow Planning
 - Budget
 - Call Landlords
- Telemedicine

Webinar 2:

- Cash Is King
- SBA Loans

Webinar 3:

- Review TM Claims
- Revenue needed in three weeks
 - X Visits Per Day
- Be Proactive & Engage With Patients
- HR/Legal
 - Advisors
- Advocacy

Webinar 4:

- Find Opportunities To See Patients
- Leadership Is Essential
- State Medicaid Programs & Telemedicine

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Webinar: How Pediatricians Can Manage The Financial Realities Of COVID19

Industry experts in Pediatric practice management will discuss financial and operational issues that practices are facing as COVID-19 continues to evolve. This practice management program will help Pediatric practices by allowing HCPs to provide a high quality of care for their patients. This webinar will provide tangible action items every Pediatric practice needs to consider over the coming days, weeks, and months in order to provide appropriate and proper care of Pediatric patients.

WEBINAR INFO

Friday April 17, 2020
7:00PM EDT
Duration: 60-90 Minutes

Agenda:

- Introduction/Welcome
- Data Review
- Cash Planning
- Cash Flow Management
- Effective Communication
- Effective Leadership
- SBA Loans
 - PPP
 - EIDL
- Telemedicine
- Preserving Patient Visit Volume
- Human Resources
- Attendee Q&A

SPEAKERS



Paul Vanchiere, MBA
Pediatric Management Institute
Founder/Principal Consultant



Chip Hart
PCC
Director Of Pediatric Solutions



Richard Schlosberg IV, M.D.
Chief Administrative Officer
ABCD Pediatrics



Mike Manocchio
Chief Strategy Officer
Pediatric Associates

Register Here: <https://bit.ly/enfamil-webinar>

The views and opinions expressed are those of the presenters and do not necessarily reflect the official policy or position of Reckitt Benckiser or Mead Johnson Nutrition. Any content provided by the presenters are of their opinion.



What Have You Done Since Last Week?

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Forum.PediatricSupport.com
2,534 community members as of this morning...

The screenshot displays the forum interface for Pediatric Support. The top navigation bar includes search, user profile, and menu icons. Below the navigation, there are two main content areas. The left area shows a list of forum categories with their respective topic counts and latest post times. The right area shows a detailed view of a forum topic, including the topic title, author, and a list of replies with their respective authors and timestamps.

Category	Topics	Latest
Upcoming Events Share/learn about upcoming events related to COVID19	7 / week	1h
Finance No margin, no mission... In order to be a successful medical practice, it is imperative that it take the steps necessary to remain financially viable. Here we can share and receive valuable information to help practices measure and monitor their financial health. # Budgeting # SBA Loans # Taxes	10 / week	13h
Site Feedback Discussion about this site, its organization, how it works, and how we can improve it.	1 / week	19h
Humor Sometimes we have to lighten the mood a bit... feel free to share things to help bring a bit a joy or a laugh to others (keep it clean)	2 / week	19h
Leadership Adversity doesn't build character, it reveals it... It also reveals our vulnerabilities! Leadership is an essential ingredient for any organization. Receive or share advice here on resources to empower everyone to be effective leaders within their practice	2 / week	19h

Topic	Replies	Last Post
Coronavirus stable for hours on surfaces # Medical Stuff # efferical 44	1	1h ago
Telemedicine Disclaimer # telemedicine # abackland49 24	5	13h #nonachubov
How To Handle COVID19 Infectious Waste # DeshWaste 19h	0	16h #DeshWaste
COVID19 Waste Management # DeshWaste 19h	0	16h #DeshWaste
Carefirst - Covid19 # Policy Search # verdingroup 19h	0	19h #verdingroup
Empire BCBS (NY) - Covid19 # Policy Search # verdingroup 19h	0	19h #verdingroup
PCC's 2020-03 Pediatric Coding Web Lab (TELEMEDICINE CODING) # Billing & Coding # Chip 19h	0	19h #Chip
Wellmark - Covid19 # Policy Search # verdingroup 19h	0	19h #verdingroup
Humana - Covid19 # Policy Search # verdingroup 19h	0	19h #verdingroup

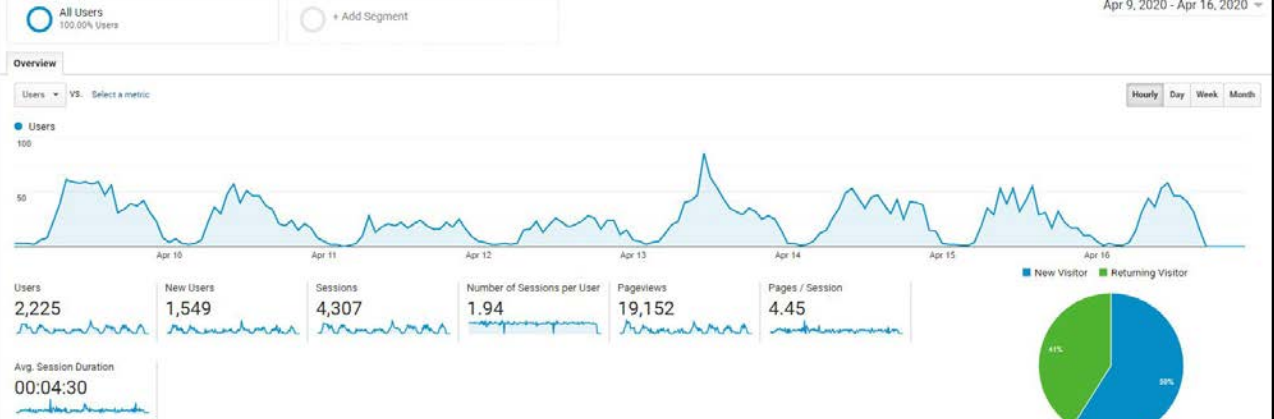
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Audience Overview

SAVE EXPORT SHARE INSIGHTS

Apr 9, 2020 - Apr 16, 2020



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Leverage forum.pediatricsupport.com

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- Connect using email
- Download the app (discourse)
- Popular and important highlights:
 - CPA Answers (thanks, Main Street Vaccines)
 - H/R Answers (thanks, PracticeWell)
 - Well Visit Coverage Policies
 - Practice Photos
 - AAP COVID-19 Wellness Fund
 - Cash Flow Napkin
 - Payer Policies

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Federal Stimulus Package

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CARES Act

- Paycheck Protection Program (PPP)
- Economic Injury Disaster Loan (EIDL)
 - \$10,000 Cash Advance
 - Long Term Loans

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Paycheck Protection Program (PPP)

- Two Parts
 - Determine Maximum Loan Amount
 - Approved Expenses That Can Be Forgiven

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Paycheck Protection Program (PPP)

	A	B	C	D
1	PPP Loan Amount Calculation			
2				
3	A	Total Wages	\$ 1,000,000	12 Months Ending March 31, 2020
4	B	EmployER Paid Health Insurance	\$ 15,000	Actual Paid
5	C	EmployER Paid Retirement Contributions	\$ 5,000	Actual Paid
6	D	Salary Cap Reduction	\$ (150,000)	Dr. Smith made \$185k. Dr. Jones Made \$165k. We have to comply with \$100k limit
7	E	State Payroll Taxes	\$ 30,000	Actual Paid
8	F	Allowable Amount For Calculation	\$ 900,000	Sum (A:E)
9	G	Monthly Average	\$ 75,000	F / 12
10	H	Multiplier	2.50	
11		Max Loan Estimate	\$ 187,500	F * G

QUESTION: What costs are eligible for payroll?
 Answer:

- Compensation (salary, wage, commission, or similar compensation, payment of cash tip or equivalent)
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for the provisions of group health care benefits, including insurance premiums
- Payment of any retirement benefit
- Payment of State or local tax assessed on the compensation of employees

QUESTION: What costs are not eligible for payroll?
 Answer:

- Employee/owner compensation over \$100,000
- Taxes imposed or withheld under chapters 21, 22, and 24 of the IRS code
- Compensation of employees whose principal place of residence is outside of the U.S.
- Qualified sick and family leave for which a credit is allowed under sections 7001 and 7003 of the [Families First Coronavirus Response Act](#)



Paycheck Protection Program (PPP)

- Determine Forgiveness Amount

It is understood that you will be eligible for full forgiveness if you follow a few guidelines:

1. You use the loan for payroll and other acceptable expenses (rent, covered mortgage interest, utilities).
2. You maintain your number of Full Time Equivalent (FTE) employees (or rehire them by June 30, 2020)
3. You maintain 75% of the salary or wages for FTE that make less than \$100,000. Please see other sections in this FAQ to get more details on this.

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	A	B	C
10	Loan Forgiveness Amount		
11	<i>Represents the maximum amount a qualified borrower may have forgiven.</i>		
12			
13	Payroll Costs Incurred During the "Covered" Period (8 weeks following loan origination):		
14	Payroll Costs		
15	Salaries, wages, commissions, vacation and sick pay	75,000	
16	Group Health Insurance (including shareholders health insurance)	4,500	
17	Retirement Benefit Costs	2,100	
18	State/Local Taxes on Employee Compensation (i.e., employer U.C. tax)	1,400	
19	Tentative Forgivable payroll costs (before required reductions)	\$ 83,000	
20			
21	Non-Payroll Costs Incurred During the "Covered" Period (8 weeks following loan origination):		
22	Rent	12,000	
23	Utilities	2,500	
24	Interest on Covered Mortgages (on real or personal property)	875	
25	Tentative forgivable Non-payroll costs (before required reductions)	\$ 15,375	
26			
27	Tentative total forgivable expenses (before required reductions)	\$ 98,375	
28			

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Federal programs helpful for many businesses.

As of April 2, 2020



Economic Injury Disaster Loan (EIDL) and Emergency Economic Injury Grants

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The SBA provides Economic Injury Disaster Loans (EIDL) and Emergency Economic Injury Grants to help small businesses and private not-for-profits in declared disaster areas. EIDLs are low interest with favorable terms. The grants are an emergency advance up to \$10,000, funded within three business days, and do not need to be repaid.

- EIDLs and grants are available for small businesses, private not-for-profits, independent contractors and Tribal small businesses. Small business standards can be verified using the [SBA's Size Standard Tool](#).
- EIDLs are up to \$2 million with interest rates at 3.75% for businesses and 2.75% for not-for-profits. Principle and interest are deferrable up to four years. Long-term repayment is available for up to 30 years. Grants are up to \$10,000.
- Eligible expenses include payroll, rent, mortgage payments and other business obligations that would have been met had the disaster not occurred.
- Apply online at covid19relief.sba.gov.

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Latest Data From The Data Nerd...

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PCC works with independent pediatricians across the country to help them run their practice, get paid for the vital work they do, and keep them informed about trends and changes in the industry. The COVID-19 pandemic has rapidly and radically changed how and where independent pediatricians are seeing their patients.

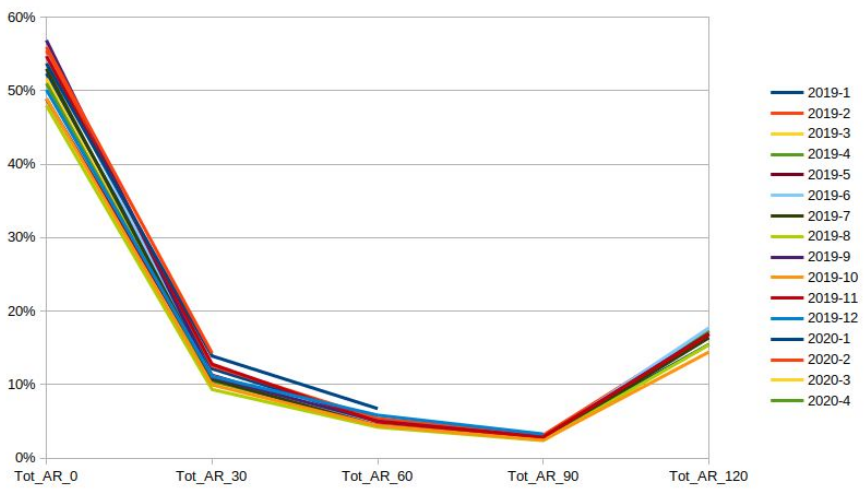
We have aggregated data from our clients across the continental U.S. so that we can better understand how the COVID-19 pandemic is changing how independent pediatric practices treat their patients and how they will fare financially.

Below, we have a few charts that demonstrate these changes. As we gather more data, we will add our insight into the changes we expect to see, and will provide ongoing recommendations for the things your practice can do to adjust to practicing during this pandemic in the coming months.

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A/R Bubble?



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STRATEGICALLY NAVIGATING CRISIS

NNEKA UNACHUKWU, M.D
CEO, IVY LEAGUE PEDIATRICS
FOUNDER, ENTREMD

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1930 Kelloggs Ad



“

**GREAT LEADERS KNOW THAT
ADVERSITY PRODUCES THE
GREATEST OPPORTUNITIES IN
LIFE.**

- BRANDON WEBB

PROBLEMS VS OPPORTUNITY

#COVID19

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OPPORTUNITIES

- **Reinvention**
- **Leadership development**
- **Marketing**

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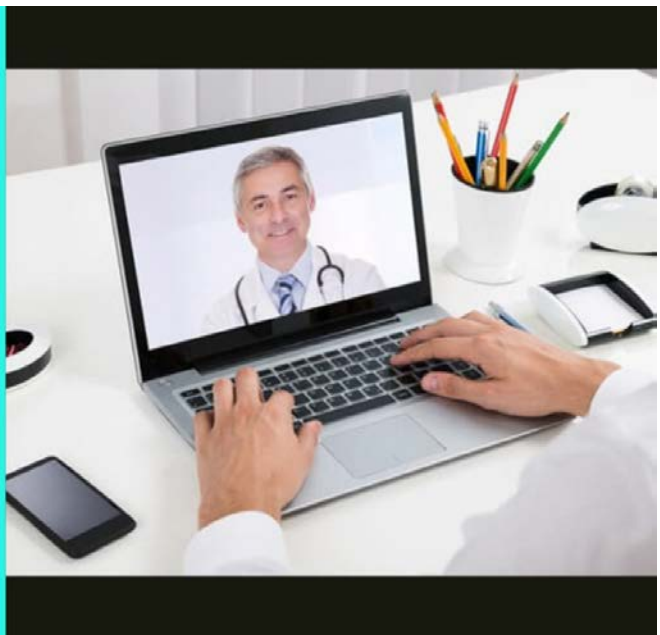
Reinvention

TELEMEDICINE

IMPROVED EFFICIENCY

LEAN OPERATIONS

Marketing





What should I do?

ACCEPT THE CRISIS

USE THE CRISIS

GO ALL IN

WHAT IF?

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ENTREMD PODCAST

www.EntreMD.com/podcast

FACEBOOK

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Telemedicine Update

- AAP issues guidance to ensure continued care for children during pandemic

https://bit.ly/AAP_Telemedicine

AAP News

AAP issues guidance to ensure continued care for children during pandemic

Trisha Koriath, Staff Writer
April 14, 2020

The AAP has issued new guidance to ensure children continue to receive ambulatory services during the coronavirus disease 2019 (COVID-19) pandemic.

To underscore the importance of access to pediatric care, *Guidance on Providing Pediatric Ambulatory Services via Telehealth During COVID-19* emphasizes the need for pediatric ambulatory services to continue. These include in-person visits where community circumstances allow. New guidance addresses the provision of telehealth for health supervision visits and acute and chronic care visits through telehealth, delivered by general pediatricians, pediatric subspecialists and pediatric surgeons. It stresses that care should not be delayed during the pandemic, without delay inclusive of and with appropriate referrals. The guidance also urges full payment for telehealth visits at parity with in-person visits.

Other guidance released provides guidance to support the continued provision and follow up of essential newborn screenings and safety, infection control and wellness in guidance related to child care settings that remain open, mainly aimed at helping those serving essential workers and their children during the COVID-19 pandemic.

Pediatricians have observed a significant decrease in in-person child health visits during the COVID-19 pandemic, which not only puts children's health at risk but also places practices in jeopardy as they balance business financing and care delivery.

"It is imperative that we preserve the medical home and pediatric workforce during this crisis, and to do so, there must be payment at parity with in-person visits for other forms of care like telehealth," said AAP President Sara "Sally" H. Goza, M.D., FAAP. "As the U.S. continues to follow guidelines from our

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Billing & Practice Management Issues

35

- What is the status of telemedicine payment and coding for each of your major payers?



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Telemedicine
Care Coordination Plans
Complex Patients
*...all the things you've been
putting off that's good for the
patients...*

Follow Up Items

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- Copy of this webinar (video & podcast) will be posted tomorrow.
- Slide deck with list of items covered
- Visit Forum.PediatricSupport.com for follow up items
- Practice good medicine...keep an eye on finances...stay healthy

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Homework

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- [Join Forum.PediatricSupport.com](http://Forum.PediatricSupport.com)
- Stay focused...bridge the divide to a new world...
- Review *Checklist From Last Four Weeks*
- Advocate For Yourself
- Keep annoying the bankers

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