

The Business Impact Of COVID19 On Pediatric Practices

Webinar #6



Panelists Include:

Colleen Kraft, MD, MBA, FAAP

Moira Szilagyi, MD, PhD, FAAP

Mobeen Rathore, MD, FAAP

Paulie Vanchiere

Chip Hart

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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
6. Detailed Human Resource Issues



RECOVERY

PPP Is Back With \$310 Billion in Additional Funding, But Small-Business Owners Must Act Fast

The new round will go even quicker, so those who missed out must choose the right bank and move immediately.



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26 MILLION FILE JOBLESS CLAIMS AMID CORONAVIRUS OUTBREAK

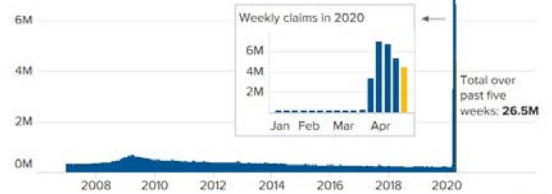


SOURCE: U.S. DEPARTMENT OF LABOR



Surge in initial claims continues

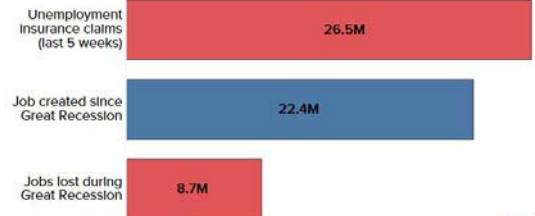
Weekly initial unemployment insurance claims



SOURCE: Department of Labor. Data is seasonally adjusted.



Coronavirus job losses surge



SOURCE: Dept. of Labor, Bureau of Labor Statistics



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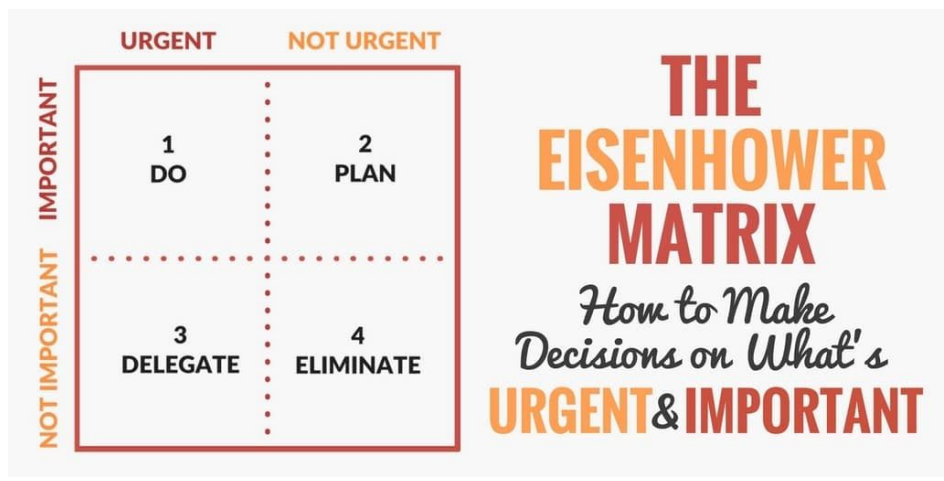


Don't worry about what you can't control. Our focus and energy needs to be on the things we CAN control. Attitude, effort, focus- these are the things we can control...

Tim Tebow

@quotefancy

Effective Leadership...Today



THE EISENHOWER MATRIX
How to Make Decisions on What's URGENT & IMPORTANT

God shakes his head. "What did you want from me? I sent you two boats and a helicopter."

7



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Agenda

8

1. Top Items From Past Webinars
2. Data Report
3. Sales & Marketing
4. Advocacy
5. Telemedicine
6. PPP Forgiveness Information
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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Takeaways From Last Five Weeks

9

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

Webinar 4:

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

Webinar 5:

- Drowning means you're still alive!

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Latest Data From The Data Nerd...

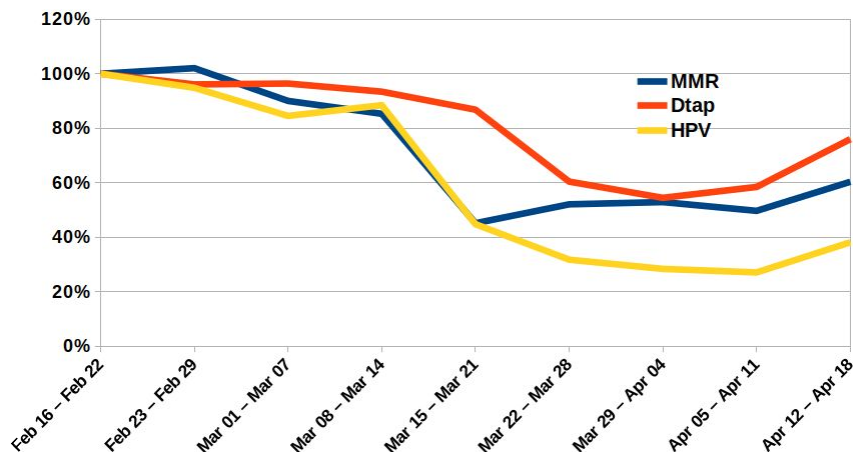
10

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Imms Update



Cumulative Impact

MMR: -29%

Dtap: -20%

HPV: -40%

Latest Data From The Data Nerd...

Vaccine Rates Drop Dangerously as Parents Avoid Doctor's Visits

Afraid of Covid-19, parents are postponing well-child checkups, including shots, putting millions of children at risk of exposure to preventable deadly diseases.

<https://www.nytimes.com/2020/04/23/health/coronavirus-measles-vaccines.html>

Latest Data From The Data Nerd...

Early Returns on Telemedicine Payments Relative to Normal

>100%	>90%	>80%	>70%	<=70%
CA, DE, KY, MA, MD, MI, NE, NM, NV, SC, VA, WY	GA, LA, MO NY, OK, TN, TX	CT, DC, FL, IL, NC, NH, NJ, PA, UT, WA	CO, OH, OR, VT	AL, AZ, IN

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Sales 101

15

- Paradigm shift
 - Proactive versus Reactive
 - Phones in constant use
 - Making or receiving calls
- Patient Cancellation = Opportunity To Schedule Again
- Patient Recall List
 - Asthmatics / Under Six Months
 - 6-11 Year Olds
- Maximize Social Media

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Marketing Your Practice

16

Sell At
Every
Opportunity

Every visit
Every phone call (on hold)
Every bill
ASK!



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Marketing Your Practice

17

OK, OK...
Your WWW
Site

Mobile Friendly
AAP Handouts
Adwords
Facebook



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Marketing Your Practice

18

Don't Forget
Your Local
Listings

Google yourself!
Doximity
Pokemon Go!



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Marketing Your Practice

19

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"Overlooked" Pediatricians Fight for Survival During Pandemic

By Joey Berlin

TMA Membership
 What could a TMA Membership mean for you, your practice, and your patients.
 Join TMA Now

Free CME Membership now gives you More

For Angela Moemeka, MD, COVID-19 was a rude welcome to a nascent solo practice.



The Coppell pediatrician opened her one-doc shop, Mark9 Pediatrics, in November. Now, nearly six months and one sweeping pandemic later, she's in the same boat as many of her fellow pediatricians: Patient volume is down, and the future is frighteningly uncertain.

"We're a baby practice," she said. "A baby practice needs a lot of TLC, and right now, the pandemic has been very challenging to continue to give it what it needs to grow."

But in the view of Dr. Moemeka and other members of the Texas Pediatric Society (TPS), not much TLC has come from the state or federal governments, either. As those governments distribute funds and waivers to help health care workers during the pandemic, Texas pediatricians feel their needs have been unmet.

The Texas Medical Association, TPS, and other physician groups are advocating for pediatricians. They want Austin and Washington to address their concerns about having the proper tools to care for patients during COVID-19 – and about keeping their doors open.



The first round of funding from the federal CARES Act's Provider Relief Fund focused on helping practitioners who treat Medicare patients, which essentially shut pediatricians out of that \$30 billion. Without that funding source, small-practice pediatricians like Dr. Moemeka and Frisco's Seth Kaplan, MD, had to make do with loans from other avenues, like the Small Business Administration's Paycheck Protection Program (PPP), to address their immediate cash-flow problems.

"Even though it was unintentional," Dr. Moemeka said, "it did feel like a slap in the face to see public health funding and relief for everyone except pediatricians, who have without question been taking care of the most vulnerable population in the state."

At a White House press briefing earlier this month, Centers for Medicare & Medicaid Services (CMS) Administrator Seema Verma said the second tranche of funding would include funds for pediatricians and others who get their revenue from non-Medicare sources. TMA has asked the government for more details on the distribution for that tranche, which totals \$70 billion.

What Have You Done Since Last Week?

20

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2,700+ community members as of this morning...

COVID 19 Business Impact Webinar #2 - March 26th More Details Here

all categories | all | Latest | Top | Categories | + New Topic

Category	Topics	Latest
Upcoming Events Share/learn about upcoming events related to COVID19.	7 / week	
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	
Site Feedback Discussion about this site, its organization, how it works, and how we can improve it.	1 / week	
Humor Sometimes we have to lighten the mood a bit... feel free to share things to help bring a bit of joy or a laugh to others (keep it clean)	2 / week	
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	

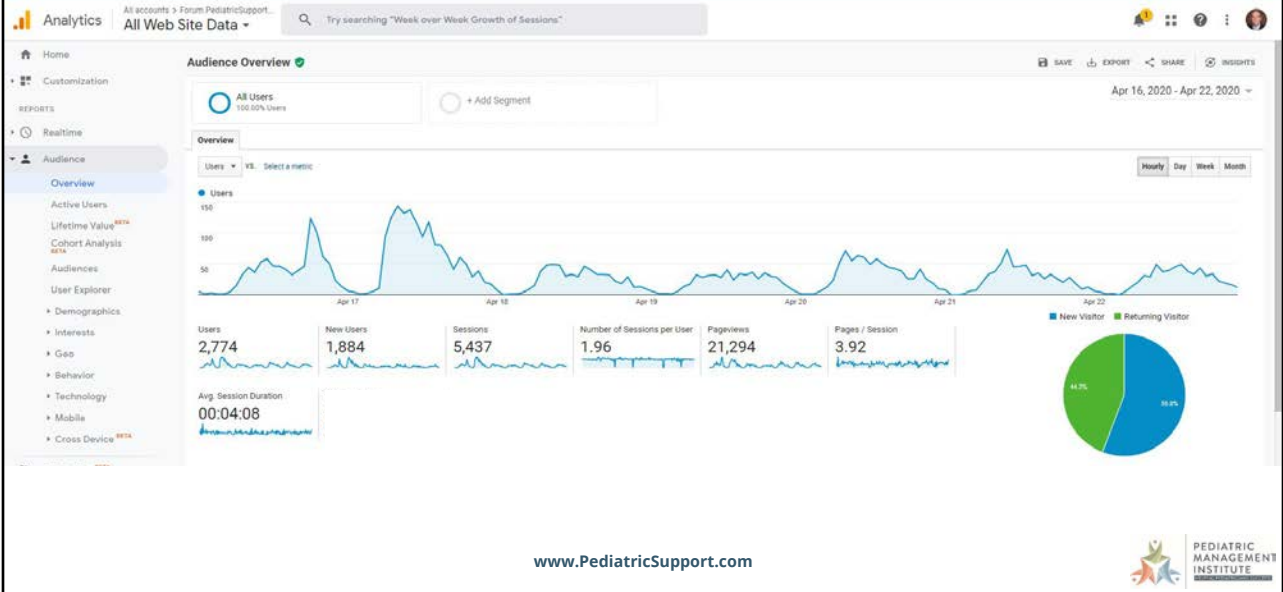
COVID 19 Business Impact Webinar #2 - March 26th More Details Here

all categories | all | Latest | Top | Categories | + New Topic

Topic	Replies	Last Post
Coronavirus stable for hours on surfaces # Medical Staff # 40	1	1h
Telemedicine Disclaimer # Telemedicine # 28	5	13h
How To Handle COVID19 Infectious Waste # Infectious Waste # 15h	0	15h
COVID19 Waste Management # Waste Management # 15h	0	15h
Cardfirst - Covid19 # Policy Search # 15h	0	15h
Empire BCBS (NY) - Covid19 # Policy Search # 15h	0	15h
PCC's 2020-03 Pediatric Coding Web Lab [TELEMEDICINE CODING] # Billing & Coding # 15h	0	15h
Welmark - Covid19 # Policy Search # 15h	0	15h
Humana - Covid19 # Policy Search # 15h	0	15h

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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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Underwater



Private Office 2



Dragon



Dinosaur



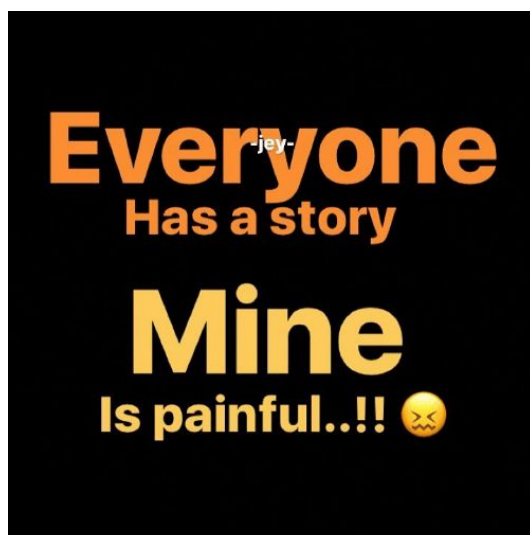
Confident 1

<https://womeninpediatrics.com>

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Advocacy



- Ensuring access to care for children
- Preventative Services
- Vaccines
- Financial Concerns
- At some point the government will start saying "No"

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Advocacy



The Uncertain Future of Pediatric Practices As The COVID19 Pandemic Evolves

Foul D. Vonzehere, MBA

As my 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 65% 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.

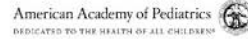
Since the announcement of the Paycheck Protection Program (PPP), the Pediatric Management Institute (PMI) has been working with pediatric practices from around the country to develop various strategies to bridge the divide between now and a new future that awaits them. Despite an unprecedented shift to telemedicine visits from less than 1% of visits to over 50% in less than four weeks¹, 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 expenses². 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 States³, but a major step towards ensuring the children of our country receive the care they need.

According to a recent Bloomberg report⁴, by mid-day, Tuesday, April 14, 2020 "almost 1.1 million applications, totaling more than \$237 billion, had been approved since the Small Business Administration program launched April 3". On the next day, it was reported that \$296 billion had been allocated across 1.3 million PPP loans⁵ with projections that the all available budgeted funds would be



April 16, 2020

The Honorable Alex M Azar II
Secretary
US Department of Health and Human Services
200 Independence Avenue SW
Washington, DC 20001

Dear Secretary Azar,

On behalf of the American Academy of Pediatrics, I would like to thank you and the entire Health and Human Services (HHS) staff for your tireless work during the unprecedented COVID-19 pandemic. Ensuring that the health care system can maintain essential services and nimble adapt to shifting needs will be imperative during and following the public health emergency. This is critical to the health of children today and into the future. General pediatricians, pediatric medical subspecialists and pediatric surgical specialists must be able to continue providing health supervision visits and acute and chronic care visits whenever possible. From vaccinating children to prevent a secondary outbreak of an infectious disease like measles to screening children for child abuse, it is absolutely essential for the future health and safety of the country that pediatricians have the financial support to continue seeing children throughout this pandemic. As such, we urge you to deliver immediate, direct financial relief payments to pediatricians, including pediatric medical subspecialists and pediatric surgical specialists, much like what has been provided for physicians who participate in Medicare.

We appreciate that the Trump Administration has acknowledged the important role of pediatricians in keeping children healthy, and the corresponding need to deliver financial relief to pediatricians in short order. Pediatricians are facing severe financial challenges and confronting drastic choices in light of the COVID-19 pandemic. Practice managers around the country report that their case loads are as low as 20-30 percent of their practices' typical case loads due to social distancing, shelter-in-place, and families delaying or forgoing care. At the same time, pediatricians are facing higher costs including personal protective equipment and workforce training as they transform their practice to meet the needs of their patients and families. Pediatricians are offering telehealth care, organizing office visits into work-care and sick-care blocks, and instituting infection control measures ranging from removing seats and toys in the waiting room to conducting drive through testing and vaccinations. The dramatic drop in revenue compounded with higher costs is forcing practices to confront furloughs and

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AAP Advocacy

health, language and communication, cognitive development and social/emotional development.¹ Children with special health care needs must have continued access to their pediatric medical subspecialists and pediatric surgical specialists or risk medical crises and worse health outcomes. Children and families who cannot

We strongly urge you to immediately distribute grants from the Public Health and Social Services Emergency Fund to pediatricians. We recommend that for the sake of simplicity and expediency, HHS immediately disburse two months of average practice expenses to each active pediatrician in the US. Specifically, we recommend that HHS use the average compensation of pediatricians, multiplied by 2.6 to account for practice operating expenses.ⁱⁱⁱ HHS should provide two months of average practice expenses to account for the severely reduced case load in March and April 2020. Pediatricians have not been able to access financial relief policies

for service claims, they have not been eligible for Medicare advance or accelerated payments, they have not been able to access increased Medicare payments for care related to COVID-19, and they have not had the benefit of rapid, uniform changes to telehealth coverage and payment policies. While immediate grants as we recommend will provide urgently needed security allowing pediatricians to keep practices open, pay staff, and procure needed supplies, additional financial support will be needed as the public health emergency continues. HHS should use the National Provider Identifier (NPI) registry and taxonomy to identify pediatricians eligible for these funds (ie, taxonomy codes 208000000X for general pediatricians and appropriate codes for pediatric medical subspecialists and pediatric surgical specialists, such as 207NP0221X for pediatric dermatologists and 2086S0120X for pediatric surgeons).ⁱⁱ If a direct deposit is not available, HHS should mail a check for this amount to the mailing address associated with the NPI. These funds should mirror the funds distributed to Medicare fee-for-service providers and the only requirements should be to attest to receipt of funding, and that the recipient provides or provided patient care after January 31, 2020, is not currently terminated from participation in Medicare, is not currently excluded from participation in Medicare, Medicaid, and other Federal health care programs, and does not currently have Medicare billing privileges revoked.

Pediatricians urgently need financial relief to continue to meet the time-sensitive needs of children and their families. If you choose to establish a different approach or methodology to allocate funds from the Public Health and Social Services Emergency Fund such as funds based on historical Medicaid claims, we ask that your approach follow these guiding principles:


- Funds should be allocated and delivered immediately with as few barriers as possible, such as through direct deposit and as a grant, not a loan. Implementing an application process or relying on states to further allocate and distribute relief risks the funds not getting to pediatricians in a timely way and fails to meet pediatricians' immediate needs. Giving states flexibility to decide how to distribute these additional funds among non-Medicare providers is not an acceptable replacement for direct funding to pediatricians.

$$\$223K \text{ (annualized)} * 2 \text{ months} * 2.6 =$$

\$96,608 per pediatrician

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Advocacy: Your Patients Your Practice Your Message

Colleen Kraft, MD, MBA, FAAP



Goals

- Optimize the health of all children
- Provide the best trained professionals for children in families, accessible in all communities
 - Pediatricians
 - Team based Care
 - Longitudinal, coordinated care



Advocacy Steps

- Topic
- Message
- Audience
- Who's on Your Team?
- Time to Activate!



Telehealth in Pediatrics

- Medical Home
- Established patients
- Paid at parity
 - From Office or on-call
- Longitudinal care
- Coordinated care



Message



Pediatric Telehealth in the Medical Home

- Families want their pediatrician to take care of their children via telehealth!
- Pediatricians can provide care in specific areas:
 - Developmental, Learning, School concerns
 - Behavioral health
 - Childhood obesity
- This will only be done if there is payment parity:
 - With in-person visits
 - At the office or "on-call" locations
 - With established patients, even in other states

Coordinated Care is cost-effective care

- Timely access
- Fewer inappropriate treatments (antibiotics, steroids)
- Fewer emergency department and urgent care visits



Audience



Your Audience....

Patients and Families



Local Leaders and Payors



Team

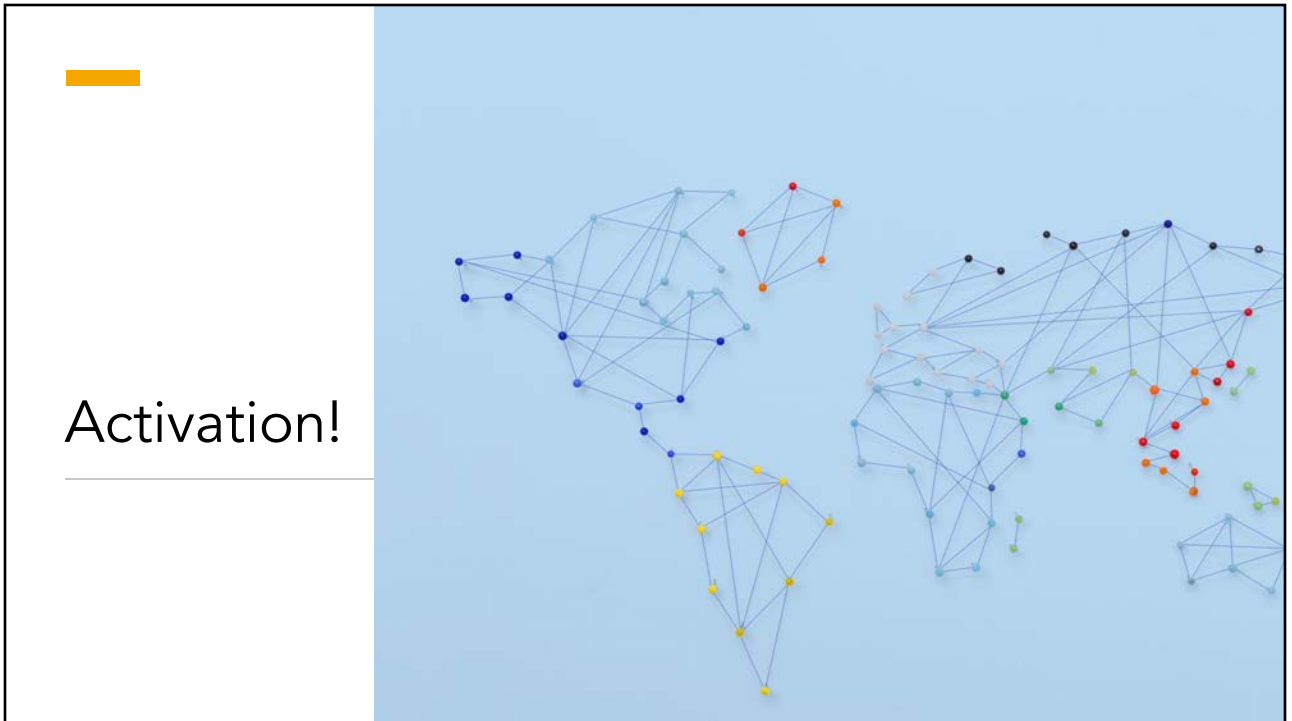
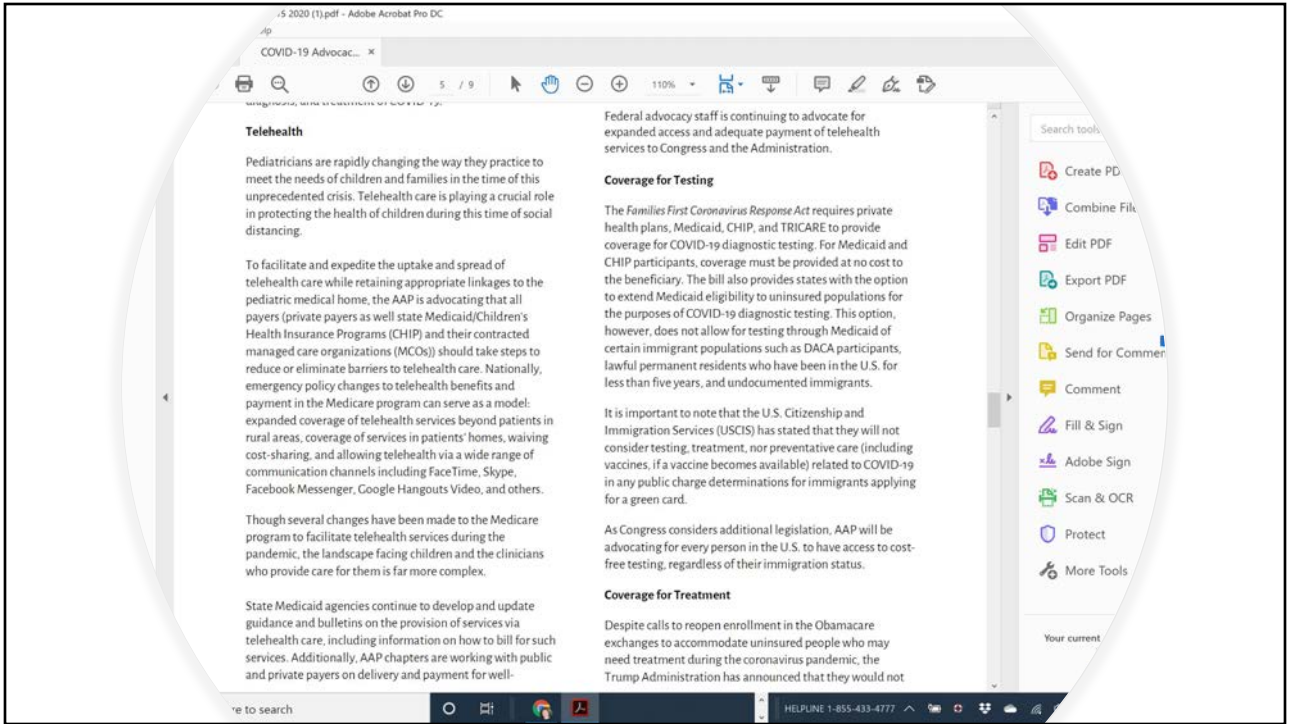


Who's on Your Team?

- Practice Pediatricians and Staff
- Parents and Families
- Other nearby practices
- Local businesses and Chamber of Commerce
- Any community leader whose kids are your patients!
- State AAP Chapter and Local Peds society

The screenshot shows the website for the American Academy of Pediatrics, California. The header includes the organization's name and a navigation menu with links for Home, About Us, Join, Advocacy, Bill List, Foundation, Residents, Meetings, and News. The main content area is titled "Bills" and features a search bar. Below the search bar, there is a section for "High Priority Bills, Session 2019-2020" with a table listing several bills. The table has columns for Name, Description, Author, Status, Position, and Letter. The sidebar on the right displays "Latest Tweets from Kris Calvin, CEO" with three tweets and their respective timestamps.

Name	Description	Author	Status	Position	Letter
AB-0138	California Community Health Fund (COSPONSOR)	Bloom	Dead	Support	✉
AB-0764	Soda: Ban on marketing/promotions (COSPONSOR)	Bonta	Dead	Support	✉
AB-0765	Sugar Sweetened Beverages: Healthy Checkout (COSPONSOR)	Wicks	Dead	Support	✉
SB-0086	Public health: pesticide: chlorpyrifos ban	Durazo	Alive	Support	✉
SB-0276	Immunizations: Medical Exemptions (COSPONSOR)	Pan	Signed into Law (Chaplered)	Support	✉



Activation!


- Parents and Families
 - I want my healthcare plan to cover telehealth with my child's pediatrician!
 - Get contact info for:
 - Health Plan
 - Bureau of Insurance
 - State Legislator



Not secure | insurance.ca.gov/about-us/05-contact/

Apps scqaz Bright Solutions for... Pediatric Obesity R... Nurse Screen (H172... ShiftPlanning - Hu... Reckitt Benckiser O... Manager Meeting - ... Office 365 Xrays On

California Department of Insurance Search

 RICARDO LARA
Insurance Commissioner

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Licensing Hotline	1-800-967-9331
California Low Cost Automobile Program..	1-866-602-8861

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The image shows a screenshot of a Facebook profile for Assemblyman Bill Brough. The profile picture is a circular portrait of a man in a suit. The name "Assemblyman Bill Brough" is displayed in bold black text, with "Government Official" underneath. A blue "Send Email" button is visible. The navigation bar includes "Home", "About", "Photos", "Videos", and "More". The "About" section contains the following text: "I am honored to represent our district and to have the opportunity to work for positive changes in Sacramento." It also shows "4,150 people like this including 1 of your friends" and "6,612 people follow this". A link "https://ad73.asmrc.org/" is provided. A post from April 19 at 6:35 PM is visible, with the text: "On Monday, I will be part of the Assembly's first budget oversight hearing about the Administration's pandemic spending. Tune in to: <https://bit.ly/326UVM4> - This will be the first of two hearings, reviewing what the Administration has allocated, spent or is in the process of spending for immediate needs to protect Californians during this uncertain time. Public testimony will be taken by telephone with a number to be provided during the public comment period. The Department... See More".

Virtual Advocacy Visits!

- Invite via your Telehealth Platform!
 - Local community leaders
 - Local legislator
 - Local Health Plan medical director





Advocacy: Pediatricians + Families

- Topic
- Message
- Audience
- Team
- Activate!

Telemedicine Update

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AAP News

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

https://bit.ly/AAP_Telemedicine

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

Federal Stimulus Package

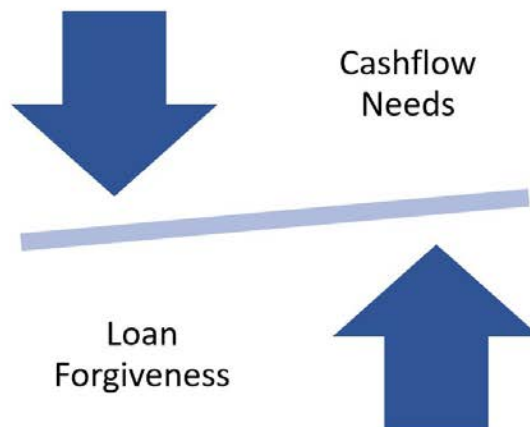
CARES Act

- Paycheck Protection Program (PPP)
- Economic Injury Disaster Loan (EIDL)
 - Up to \$2mm
 - Low Interest Rate
 - Up to 30 years to pay
 - \$10,000 Cash Advance

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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)

49

	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
12				

<p>QUESTION: What costs are eligible for payroll?</p> <p>Answer:</p> <ul style="list-style-type: none"> • 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
<p>QUESTION: What costs are <u>not</u> eligible for payroll?</p> <p>Answer:</p> <ul style="list-style-type: none"> • 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

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Paycheck Protection Program (PPP)

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• 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.

	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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PPP Forgiveness Complications

- Need Cash or Focused on Forgiveness?
- Entity Structure
- Furlough vs. Layoffs
- FMLA & FFCRA
- Timing of employees returning
- SBA's Definition of "Full Time"
 - 30 or 40 hours?

Individualize planning needed to assure you reach your objective

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Partnership Earnings

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SMALL BUSINESS ADMINISTRATION

Docket Number SBA-2020-[]

13 CFR Part 120

RIN []

Business Loan Program Temporary Changes; Paycheck Protection Program – Additional Eligibility Criteria and Requirements for Certain Pledges of Loans

AGENCY: U. S. Small Business Administration.

ACTION: Interim Final Rule.

SUMMARY: On April 7, 2020, the U.S. Small Business Administration (SBA) posted an interim final rule (the First PPP Interim Final Rule) announcing the implementation of sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act or the Act). Section 1102 of the Act temporarily adds a new program, titled the “Paycheck Protection Program,” to the SBA’s 7(a) Loan Program. Section 1106 of the Act provides for forgiveness of up to the full principal amount of qualifying loans guaranteed under the Paycheck Protection Program (PPP). The PPP is intended to provide economic relief to small businesses nationwide adversely impacted by the Coronavirus Disease 2019 (COVID-19). This interim final rule supplements the First PPP Interim Final Rule with guidance for individuals with self-employment income who file a Form 1040, Schedule C. This rule also addresses eligibility issues for certain business concerns and requirements for certain pledges of PPP loans. This interim final rule supplements SBA’s implementation of sections 1102 and 1106 of the Act and requests public comment.

However, if you are a partner in a partnership, you may not submit a separate PPP loan application for yourself as a self-employed individual. Instead, the self-employment income of general active partners may be reported as a payroll cost, up to \$100,000 annualized, on a PPP loan application filed by or on behalf of the partnership.

Source: *The Second Interim Final Rule released on April 14, 2020, discusses the treatment of income for partners in a partnership on page 5.*

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PPP Forgiveness Tests

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1. Loan proceeds spent on qualified expenses
 - a. Maximum of 25% on “Non-Payroll Costs”
2. Full Time Equivalent Employee Reduction Test
 - a. 30 or 40 hours for FTE?
3. Salary Reduction Test
4. Restoration Test
 - a. June 30, 2020 (May be easier if PPP not yet approved)

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Step One – Loan Proceeds Spent on Qualified Expenses (Up to 25% can be Non-Payroll Costs) = Amount Eligible for Loan Forgiveness

PAYROLL COSTS

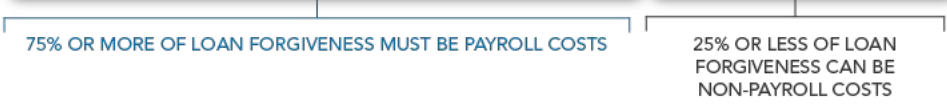
Payroll costs include: salary, wages, commissions or similar compensation; cash tips or the equivalent; vacation, parental, family, medical or sick leave; allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums and retirement; payment of state and local taxes assessed on compensation of employees; and for an independent contractor or sole proprietor, wage, commissions, income or net earnings from self-employment or similar compensation.

The Act expressly excludes the following from payroll costs:

1. Any compensation of an employee whose principal place of residence is outside of the United States;
2. The compensation of an individual employee in excess of an annual salary of \$100,000, prorated as necessary;
3. Employer's share of federal unemployment taxes, FICA (Federal Insurance Contributions Act) and Railroad Retirement Act taxes; and
4. Qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116–127).

NON-PAYROLL COSTS

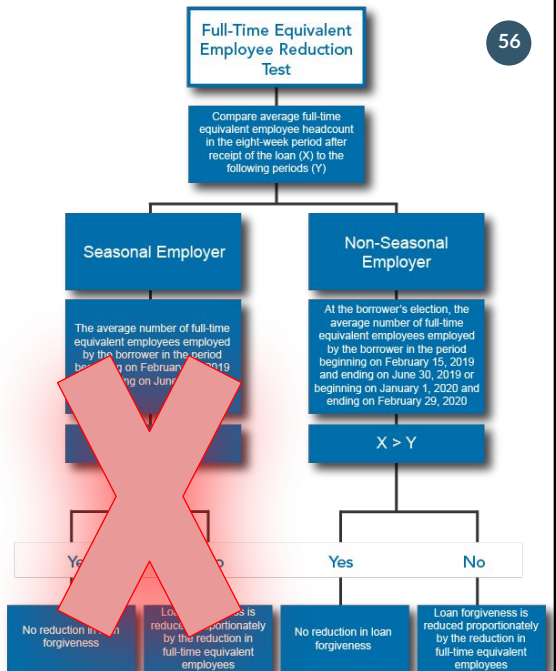
- Rent
- Utilities
- Mortgage interest on real or personal property debt obligations



Source: <https://warrenaverett.com/insights/ppp-loan-forgiveness/> www.PediatricSupport.com



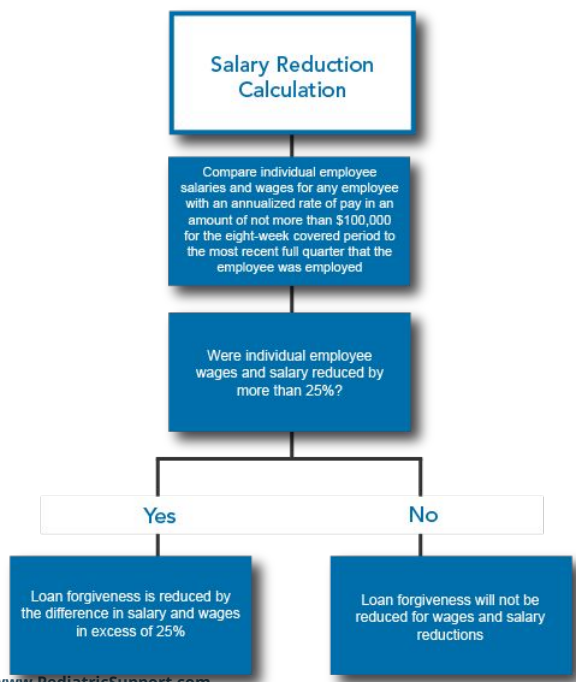
Step Two – Full-Time Equivalent Employee Reduction Test



Source: <https://warrenaverett.com/insights/ppp-loan-forgiveness/> www.PediatricSupport.com



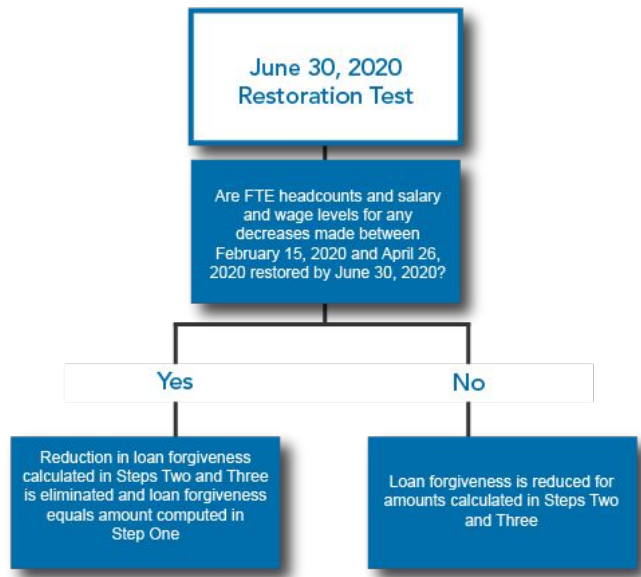
Step Three- Salary Reduction Calculation



Source: <https://warrenaverett.com/insights/ppp-loan-forgiveness/> www.PediatricSupport.com



Step Four – June 30, 2020 Restoration Test



Source: <https://warrenaverett.com/insights/ppp-loan-forgiveness/> www.PediatricSupport.com



Billing & Practice Management Issues

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



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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)
- Cash flow planning (every week)
- Patient Recall Lists
- Advocate For Yourself
- Keep annoying the bankers

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