Transcript for Financial Resources for Practices in the CARES Act w/CCNC, NCAFP, NCPS and NCPA
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6:00 pm- 7:00 pm

Presenters:
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Hugh Tilson:
Good evening everybody. I hope everybody's doing well, it is 6:00 let's get ahead and get started. Thank you so much for participating in this evening's webinar on navigating COVID-19. I'm really excited that this presentation is put on as a collaboration with CCNC, NC AHEC, the Academy of Family Physicians, the NC Pediatric Society and the NC Psychiatric Association. We all heard the issues and concerns that you all are facing and thought that coming together to respond to those issues by providing relevant, timely information would be helpful and we hope that it is.

My name is Hugh Tilson and I'll be moderating this evening's forum on the CARES act and physician practice support and I will turn it over to Dr. Dobson in a couple of seconds but before I do, thank you, thank you for all that you're doing. We know these are trying times and please, continue to take care yourself in addition to your patients and your communities. Really do appreciate all that you do and I'm saying that on behalf of all the participants in this collaboration. After Allen and Sean present their updates, we'll turn it over to your question. We have learned in past forums that the presenters will often address your questions during the presentation, and we will have time to get your questions and I encourage you to wait until the presenters are through with the presentation before submitting questions. To submit a question please use the Q&A function on the back bar on the bottom of the screen and the Q&A function on the black bottom of the screen and we will monitor the questions and get them after the presenters are through. I wanted to let you know that we are recording this webinar and I will make that recording and the transcript and the slides available as soon as possible on the NC AHEC website and on everybody else's as well. Let me turn it over to Dr. Dobson.

Dr. Dobson:
Thank you and welcome everybody. We are very happy to present this to you and in the spirit of see one, do one, teach one I just finished my second or third application process this afternoon on some of these grants and we have had all of our lives kind of up ended and I think we're kind of approaching this in three big buckets that we hope that these series will help you in your practices. One is your own personal and the staff's well-being and second is your financial well-being of your practice and how do you stay open and third is how you're going to practice differently during this time and afterwards. So we are excited about that. I think Thomas Roth, is on and myself and we are really happy to have Sean Parker join us from Smith Anderson and we have been with Sean a long time. He is a colleague, being a counselor at the legislature, and at CCNC before moving to Smith Anderson, and he is going to walk us through the legislation. So, I know you guys are missing sports, so consider this our version of play-by-play with me doing commentary and some wrap up at the end. I will turn it over to Sean and we will dive right into the financial support available to you during the COVID-19 pandemic crisis.

Sean:
Great. Thank you all. I will echo Hugh Tilson's tenement that I really appreciate you spending your time with us and there's a lot of information and your time is not free so we're going to do the best we can with this hour and if we cannot answer your question today, I will be sure to post that to FAQ based on the some of questions we receive. Our goal is to get through these three components of the CARES Act and answer any questions.

So, if we can move the slide a little bit forward. You see there is a general disclaimer. The reality is beyond just the typical legal legalese here that these regulations are being promulgated all while in motion so the inner final rule to set forward the Paycheck Protection Program was effective immediately and there's still going to be guidance from SBA going forward. To our best effort, we got you this current information today but as all things there's a chance that things changed as we are speaking so we certainly encourage you to be sure you are speaking with your professional experts when making your business decisions.

Next slide. We can continue through. I have the blurb here and time is of the essence. Why is it important that we proceed quickly? There is a miasma of information coming towards you and countless webinars and countless articles coming out that speak in high-level on what's going on with these programs and how they can help you. What we hope to do is this program and potentially in a series of programs is really to give you the most practical information we can provide from that information so tonight's episode we're going to go into three components of the CARES Act that I spoke to right there.

Next slide. A little background, that you have to go far to see this, but this was the timeline of events and for the most part this was our version of March Madness this year and one of the longer Marchs of the record. Unless you are an NC State basketball fan, and this may have been on par with the other Marches. But if you look at the timeline at the beginning of the month is our hotspot, we saw because of the virus unrest in global markets and the Federal Reserve cut interest rates to 0% to try to respond in maintaining the economy that was a strong one up until March. A bit turbulence and one the first acts in response to the stimulus was the Coronavirus Preparedness Response Supplemental Appropriations Act which provided about $8.3 billion to the federal agencies so that they can implement programs to respond and it also has a few provisions of waiting conditions such as telehealth and other things to facilitate the practice of healthcare and delivery. Right after that our governor Cooper issued his executive order declaring our state one of the state of emergency and by doing so beyond taking certain actions to change people's behaviors, it freed up our state and others to receive federal funds and to more facilitate in a more flexible manner. This also prompted many of the regulatory bodies to take action again, not to impede the delivery of healthcare, and to facilitate as best as possible under the new circumstances inconsistent with that order. Right after that the president enacted what we would call the national emergency through the Stafford disaster relief and Emergency Assistance Act and therefore a whole array of benefits became available and actions could be taken on behalf of the government based on the protection of the public policy protecting the people. The second relief act basically passed on March 18th and this one basically gave some guidance around how employers and employees can interact and what benefits would be available for those who are impacted. The third and the one we're speaking to the most and probably the largest of the federal stimulus packages the CARES Act was eventually enacted on March 27th and I will save the third because I would anticipate that there should be more and maybe a fourth stimulus package at this time directly aimed to healthcare providers may be forthcoming soon but this third one had a quite a bit of funding in it and is a very unique provision indicative for healthcare providers and besides the federal legislation that is out there I think you can look to the state the way it returns at the end of the month they may have some ability to provide some stimulus or if not financial support relief of administrative burdens so you can perform your work. The DHHS has taken such action itself under the current authority. There is a number of relief programs and they made some waivers available and they're applying to the federal government for further waivers and the North Carolina rapid recovery program is a comparable loan program that is going to go through and NC AHEC has more information available on that and I will believe we will have that included with this presentation in the same place that is posted.

Next slide and we will get right into the first component. So the first major thing and why the emphasis was on healthcare providers most of the programs up until now were in the CARES Act were directed at any employer, large and small and they were in --- These are the public health and substance service emergency fund was an approved creation and to reimburse eligible healthcare providers for COVID-19 related expenses but also lost revenue . So, it anticipated that a physician was losing money in their normal course of work based on devoting their efforts to COVID-19 relief and as well as just the obstacles based on self-regulation where people were no longer going to outpatient services or otherwise there were significant lost revenues. This $100 billion is going to be an application program that and the details have not really been flushed out other than it is indicated who would be available. It speaks to really that all providers may be eligible specifically mentions Medicare and Medicaid providers and you might think that makes sense for it will be easy way for the government to facilitate the funding through those physicians and what it can be used for. Again, we suspect it could cover lost revenue and health care expenses. I think what you will see is medical supplies and equipment including PPE that you have to purchase through your job, the training that were required and any additional workforce you brought on. Retrofitting facilities or building temporary structures to the extent you are segregating your facility, that may be something you can pay for. One quick tip here where it relates to building temporary structures. These funds cannot be used for project or funding that can be reimbursed elsewhere. I think you can be creative and think of ways that other programs interact with this for example, if you are a physician practice and you have Wi-Fi capabilities throughout your practice perhaps you can use this fund to purchase structures outside where you can put in iPads or devices whereby patients can come through those out door temporary structures and have telemedicine visit that would be reimbursable. That would be a way where you can increase your revenues that will be lost or for those visit you can facilitate somebody being able to use an acceptable telehealth device and have a temporary structure built that was paid for through this fund.

We will go to the next page please. Again, the application…Oh, go ahead.

Dr. Dobson:
Sean, let me mention that this is aimed towards healthcare providers. The negative is that there have been no rules on how to get the money out and imagine by reading this is going to be a lot of people and a lot of hospitals and others, all competing for this grant money. So, I think it's very positive. It is not something that I can see coming our way anytime in the next 2 to 3 weeks but I think we should really strategize how to have primary care physicians and independent physicians and other healthcare providers think about how to use these funds if they do become available and as soon as we know the rules we will pass those along.

Sean:
And the supporting organizations, your association to the extent that they can use their voice to be sure that there is appropriate course available for primary care and other direct provider care on this. The secretary has not put out the essential guidance yet but I don't think you need to wait for that I believe you can start thinking what you would spend the money on and build out your plan so as soon as that guidance is available you can apply as Dr. Dobson said but the money out there will be lots of people interested. Last Friday I think the White House announced that they believe they may use these funds or at least a portion to pay for uninsured treatment so if you have a COVID-19 treatment by the uninsured they would say this fund can be used to pay for that. That would meet its purpose to get that funding out quickly and efficiently, but it would not be much of a benefit for some of the other ways you can use it. Keep your associations in mind on how to go forward and speaking to your government officials and also I wouldn’t wait if you think there is a use that you can use it for go ahead and start building out that plan and we will go to the next slide.

So, the next big program and this one hasn't started was the paycheck protection program. This is not specific to healthcare providers although many of you are business providers and would qualify. It's a $350 billion, $349 billion program to pay up to eight weeks of your payroll costs and other credible events. These loans are forgivable meeting after the eight-week period if you use them for the appropriate reasons within the parameters they will be forgiven and that would be a tax-free forgiveness. You will see that the banks and credit unions that are administering are supposed to put these on the same terms and there are some core terms that every bank will have to do within our experience has evolved last Friday you may see some variances and what the banks may require. The application is not through the government, it is through the bank, the bank has an agreement with the government to be reimbursed and it opened last Friday, and time is of the essence that it is open until June 30th or until the funding runs out. As you can see it is first come first serve and even with the glitches as of last Friday, I believe about $5.5 billion went out the first day and I believe those [Indiscernible] applications until they got to the bottom of the ones that they had. So again the key with this program is you have to be mindful as all with the other programs it's not intended to be used for something that can be reimbursed elsewhere or that you receive money so we will go a little more into the program on the next slide.

Again, who is eligible? This is stuff you are hearing every day so I will not have to arbor on it but yes, it's under 500 employees and they can be full or part-time work in another relationship and your operations as of February 15th the amount is generally 2.5 times your 2 months payroll amount but it can be up to $10 million and it can be used for payroll costs, mortgage interest, rent, utilities during this eight week period. Here is another tip that I like to put out there. Since it can be used for other things and there are other funding sources and you may find that you want to use this solely for payroll costs. The rule requires that 75% shall be used for payroll costs and you may want to identify a way that they let this money down and only use it for this. And therefore, where there is other program money, you can use it. It will be an easier way to ensure that it's reimbursed. The other requirement to be forgivable is that you can't change your employee status, you can't have a reduction in the number of employees that you have or reduce compensation levels beyond I believe 25%. If you have had those reductions between January and you made changes since February and April, you do have the opportunity to bring those levels back up and to rehire people until June 30th and qualify.

Next slide please. Payroll cost is a defined term here so it's really important that you know what it is or what it does not include just for time sake I have listed here and I won't read through it but note that there are very specific things that are included and again as I stated before, 75% of the money that you borrowed to be forgivable should go to these costs so the next slide.
One of the questions related to the cap and in many physician practices this is something of interest when you're looking at payroll costs they are looking at employees that make no more than $100,000 but they're really speaking to no more than $100,000 can be credited so I have got a quick example here for easy lawyer math. In fact, they say it's a small practice, one or two practitioners, no one makes more than $100,000 and the annual payroll is $120,000 and you can divide that by 12 and get your monthly and then multiply that by 2.5 from the formula and borrow up to to $25,000. Practice B a little bit larger practice in the metropolitan area and in this case, we have employees who do make more than $100,000. Let's say there is four partners who make $175,000 each and you don't exclude those partners. You just drop their salary up to $100,000 so what you do here is you take the annual payroll of 150,000, $1.5 million, sorry, subtract compensation that would be above that 100,000 so we have 300,000 of this for my partners and therefore you have your annual monthly qualifying times that by 2.5 and that is what you can borrow. If you go to the next slide.

Now I will turn this back over to Dr. Dobson and again, what you need to provide to your lender the legislation speaks to this that says you must document payroll account sufficient identify what your payroll amounts are and this is what I believe a number of lenders will be looking for. You would want to have this information available to use. Dr. Dobson, can you speak a little bit I guess you have not applied directly to this?

Dr. Dobson:
I just completed the application for this program as well. I think each lender has been coalescing around a fairly simple application and what we will do is we will

actually take one for citizens that's what package and we will show them show you exactly all the forms you have to fill out and upload to get this done. I would add to Sean's thing that. So basically the federal government is committing to pay two month of your payroll +25% of some operating costs like rent and utilities and if you spend it on exactly that the entire amount is together however if you don't spend it all, if you have less, what you spend that is not, that is 75% payroll, then converts to a loan at the end there's really no wrong door on this money and particularly I think the idea is we much rather just pay you to keep them on your payroll then your employees going through unemployment. So let us give you the money and we have heard some rumblings because everybody is afraid this money is going to run out and I suspect in for this next funding package they will probably consider increasing the amount the small businesses because let's face it, small businesses employ about 50% or 80% of the workforce in the country so I think this is really important piece of money for practices right now who may be less busy in the office then they want to be because of the COVID-19 but they're struggling whether to lay off staff are not so I think it will take a few hours and you can get your CPA to help you but I would go ahead and get in line and the best thing is to call your banks and ask them if there is S/P lender. Is there a small administrator lender, which most banks are. And this is where that personal relationship really helps you to get in your Q and get your place in line, I guess.

Hugh Tilson Tilson
Can you talk a little bit more about that? We have a couple questions about banks suspending, taking applications and they only give alone if you have a relationship and you're an established customer and once Wells Fargo has reached their cap of $10 billion can you talk more about what to do about that.

Dr. Dobson:
Go ahead. I think you will find that's the case and I do think that some of the smaller, some of the bigger banks are capping. I've heard of a few that suspended because they cannot take anymore applications into their system but one bank, I talked to has open it back up after they got back logged and you know cleaned out. I think here's a case where a smaller bite may be more advantageous, and I do know that for citizens is not required that you be a current customer. In fact, they do say that they can fund that account outside their bank if you apply through them.
Sean:
This is slide speaks to the things that they have to be uniform so they cannot require collateral, they cannot require personal guarantee, they cannot make you demonstrate credit elsewhere but the other component and documentation needed or what relationship is needed that is where it's been grey and probably not as was designed in the legislation to occur but that’s what has happened at the bank level. I concur with Dr. Dobson; you should look to your local and your small banks. You should go to the bank do you do business with and certainly they want to be able to be flexible with the help through but another key reason why you want to go ahead and get this started and if for some reason when we go if the program is blocked for now you will be ready to go on the next wave if anything else opens up and I hope again, that our friends in the Association and these large organizations that we speak to have business relationships and the chamber and other things we should make sure people know that it's really important that the physician small business is able to remain open and if they are close you're losing your healthcare workforce and it will exponentially increase the problem we have. We are about halfway through the slides just for time sake and about more than halfway through the second program if you go to the next slide, we will speak to what else you need to do.

You need this documentation, but real key thing is that beyond having this documentation is to demonstrate what is your loan amount that they can approve. You have to demonstrate the you are an impacted borrower and there's probably some scary certification. Well, if you can perjure yourself under this or otherwise, I think there has been some practices that may be reluctant to say well, we have a couple of months for reserves, we were not in trouble. I would say you can't understand the uncertainties that of future, but you can make a good faith certification that you are at risk. What I would do to help support this because in the years to come you may see audits later, I would take a corporate action at your practice and pass a resolution demonstrating the need for this program and why you came to that decision and that becomes part of your corporate record and in two years' time if somebody is doing an audit you can quickly say yes, we thought we did and we made a good faith after assertation. And I would go ahead and take that corporate formality and pass that resolution for your organization. We'll go to the next slide.

And as Dr. Dobson indicated we will have an application available for you to review and I want to point this out that it's not very complex. The program, the PP program is relatively streamlined way to apply so if you can look through this and fill it out and what I would say another practice tip here would be, you only get to apply for only one loan through this program. So go if you think you need something go ahead and make your final decision on the amount you need and if it gets approved at less or otherwise you can go from there rather than saying maybe we need two weeks' worth of payroll. As Dr. Dobson has said, you can always pay it back if you don't use it. And it's a two-year term at 1% which is very favorable or you may find you can use it in resources that you would use for your payroll can be deployed elsewhere. One other tip here again, for when we get to loan repayment time or demonstrating that you should be forgiven, when you are setting up this loan through your bank, I think it is a pretty good business tip to go ahead and set up a separate checking account. That way you can take the funds from this program that you get, put it in that checking account and when you make payments whether it's to your corporation or to all your payroll service or otherwise you can do it directly from that checking account and that will be away when it comes time for you to demonstrate to the lender how did you spend the money you can easily show here's my checking account, here is where the money came from and here is where it went to. Dr. Dobson, did you have anything else you want to share on this application?

Dr. Dobson:
Yeah, I would say in this program when I filled it out and some experience of others, they basically tell you how much money they're going to lend you. You go through this process and they calculate your average monthly payroll and then they say you qualify for 2.5 times your monthly payroll and that is what we're going to and there is not a box to check to choose a lower amount. They basically say that's what we are putting you in for. And I think it's one of those things that if they give you that and you don't use it, you can obviously can pay it back but I think like you say, Sean, this is a little bit of a no wrong door for independent practices at this moment.

Sean:
If you could advance the slide, we will be quick here. The next slide speaks to this loan calculator so there's a spreadsheet to make it easier. I don't know if this one came from the First Union or where this came from but there is this to explain to the right amount and the next slide speaks on forgiveness.

Very simple here again. Once the eight week period is expired you can go back to the lender and ask for the loan forgiveness and you have 60 days to approve your forgiveness and if it's not forgiven it is two years at 1% interest and within the first six months it is deferred but interest is accruing but it's still relatively low so it's a very short example there would be where the person received $90,000 loan and utilized that amount I guess that would be $82,000 they utilize appropriately and $8000 remaining so that would do is convert it and you can go to the next slide of the paycheck protection program.

Another program that the CARES Act spoke to although it has existed much longer is a true loan and it's the economic injury disaster loan and these have existence since the 1960s and what that CARES Act does is it included this COVID-19 as a disaster that can be included in a good part of economic injury disaster loans beyond that there also are favorable in terms of you are not to demonstrate proper damage or otherwise. The other thing that the CARES Act did is it created a $10,000 advance that can be given within three days for actually it is directed to be given in three days of your application and the idea is to get cash into the employer's pocket as quickly as possible. The loan itself is generally not forgivable its generally payable back but the advance is forgivable including if you don't even take out the loan or the loan is denied you may keep the advance. The loan amounts under the EIDL is up to $2 million and it can be motorized over 30 years but both the amount and the length of time of the loan determined on a case-by-case basis. That is not uniform and that will be specific to your bank and -- I'm sorry, the SBA and your specific purposes. The EIDL comes directly through the SBA and what you can use the funds for working capital payment of fixed obligations, you can use it for payroll costs however, you cannot double dip with the other payroll program so I would not advise using it for that purpose and it covers the period in January through the 31st of this year. If you'd go to the next slide.

Dr. Dobson:
Sean, it's interesting when I filled out this application I did not check that I want the advance box and then I got a kind email back from the SBA saying aren't you -- are you sure you don't want our $10,000 and asked me to go back in and do it again and check the box which I did. And I will let you know if it comes within three days are not but I think this is one of those things that you cannot double dip between two programs and this truly is a loan but it is a loan with favorable terms that you can spread out if necessary.

Sean
That's right. And if you already have this alone at the time you apply for the PPP, you may be able to roll this loan into the PPP and therefore this would become forgivable for that purpose. It is not intended to replace lost sales or revenues but rather be an influx. The SBA streamlined the application process but is generally more involved than the PPP so you can go online and see the process and if you go to the next slide you can go directly to the website to get through the process.

I will share just a few more of the conditions of it so you get to apply directly online you don't have to go through third parties. The conditions of how you qualify are very comparable. Small businesses, the $12 million or less in annual revenue to the extent that they use your [indiscernible] practices and that's how they determine that you are a small business that you have revenues of under $12 million but I think the CARES act actually extended under 500 employees as well and they have modified and streamlined and there is no cost to apply and you don't have to take the loan if you are approved there is $10,000 that you can get immediately or within three days and note, you want to get on this one as well because it is fairly backlogged and they're taking between eight and 21 days to process the loan at this time. Once it is processed generally in five days you will have the funding. Next slide.

Just a quick comparison because I think that's really kind of the heart and as you said you can use both of these but for those that were to convert their energy and have just enough bandwidth to go after one or the other and here's a quick look at how they play against each other particularly if you're just looking to cover your payroll and keep your staff on salary. Paycheck protection program those are the amounts. The one is private, the other one goes to the government agency. One is forgivable, the other does not have forgiveness, it is a loan and that loan and the up to 30 year term I think the rate is 3.75%, 2.75% if you're a nonprofit organization and payment here is deferred for one year where under the PPP it is deferred for six months. The next slide as I wrap up.

The whole point and hopefully we were informative with all the information it's to give you this in usable chunks. It was a 800 page legislation. The legislation has lots of programs and other pieces of the legislation but we believe it might be the greatest benefit is to know this program PPP and how to go forward and pursue it and know what's available to the SBA and there are other things bridge loans, tax credits, other things like that that we can be of assistance on what I think it's just to try to put that into one presentation. Other key takeaways from you, Dr. Dobson?

Dr. Dobson:
No. I think that's my best advice to folks is that the money at hand is the payment protection program and I get in line for that. If you feel like you qualify and it's not too onerous. I would certainly not be afraid to ask for help and your CPA should be able to help you with a lot of those documents that you need and certainly I would not discount apply for the SBA disaster loan as a backup or secondary to get you through this because you can use that money for more purposes and you can actually hold both of them. I think the other thing is that we do need to keep an eye out on the grants aimed specifically at healthcare and make sure that independent and primary care physicians, the backbone of the program are in line with all the rest of the healthcare providers for this and I think we will keep an eye on this and I took the see one, do one, teach one approach to speak from experience that I think each of you can do this. It will take a few hours of your time but it's gotten a lot better from the first time I went on the website and spent three hours and the website crashed and then they put it back up and then we have gone through multiple iterations and it's actually gotten fairly usable here in the last day or two.

Hugh Tilson Tilson:
We have a couple of questions in and I love this one. Has anybody received the $10,000 advance yet? Anybody know the answer to that?

Dr. Dobson:
Not in this round but I do know a couple of people who in previous disasters got advanced money. It used to be 25 and it was not forgivable, but CARES Act made it $10,000 and forgivable. So, I will let you know in the next -- I will post in the next day or two what the timing of mine was.

Hugh Tilson:
Somebody said which -- somebody in our town said we have to have a business account.

Dr. Dobson:
I will be glad to check with their folks.

Hugh Tilson:
I have a couple more technical questions. What if an employer has permanent residence as employees in PPP these folks pay income taxes and payroll taxes?

Dr. Dobson:
I do believe there are excluded. Sean?

Sean:
The definition for employee is broad and I will follow-up to be sure and again, the employee should be down in the file for the work they are doing I don't if it requires them to be [Indiscernible - muffled] I will follow up on that but what the employment status would be.

Hugh Tilson:
Couple questions about what if you have a Furloughed staff what is the specific requirement to bring them back and if you bring back part of our employees that had been laid off or part of the will part of the loan be forgiven?

Dr. Dobson:
The answer to that is yes to both of those. You actually there is two measures of loan forgiveness. What is your amount payroll over the eight week period and then the other is the number of employees. As long as you by the end of June you have restored your numbers and the salaries. Some people may go to halftime if you restore the salaries by the end of June and it will count for the period and I think that Sean, correct me if I'm wrong is that you actually have until the end of the month their free period at the end of April to rehire people that you may have laid off.

Sean:
I think the June 30th is to restore the FTEs of the full-time equivalency so what you're carrying before and the salary level I think is the question here but 15 employees on average payroll and if they have the same number of employees but if the amount of payroll I believe has to be. It cannot be reduced by more than 25% I think what you're looking for is the rough equivalent FTE as you had before and the payroll should not be less than 25% that you had prior and not to the extent that you miss some of these it may be that it's just a reduction on what you would have to what will be forgiven rather than you just are out.

Dr. Dobson:
That's sure and if you download one of the calculators that I particularly like that went through there and said what if I did not hit the 75% but I hit 50%. What it does is it reduces the amount that is forgiven, and the rest gets converted to the loan. So, download one of these and we will put a couple of the calculators up. There is several in one that I kind of modified that will allow you to look at some what-ifs of that but it's not an all or nothing. It just recalculates how much is forgiven at the end.

Sean:
We will also include a link to our employment Law section they have done a great deal about the specifics of who is included and what happens if they adjust and we will be sure that's available to you. I see that at the top of the question there about double dip and I forgive that crazy phrase I used. Double-dip is that you would use two different sources to pay for the same thing so if you took money $1000 from the PPP to pay and you said that's for my physician salary and you gave $1000 and then you took $1000 for the economic injury disaster loan and said and try to clean that as the same $1000 whereby you have $2000 and you only spend 1000 is what we mean by double-dip.

Hugh Tilson:
How do you have confirmation that the payroll protection application is received?

Sean:
You do this directly through your banks so they will have a process to collect it and provide it to you so each bank will have a slightly different process but my guess is that they will give you some confirmation either in person or online depending on how their system is working.

The FDA gives you direct response including hey, you may want to take advantage of $10,000.

Dr. Dobson:
I think the banks will confirm that they have your completed application.

Hugh Tilson:
T**hink you have covered this we just got this question and again, I had to cut hours to 50% of my employees. Can I still apply for PPP?**

Dr. Dobson:
Yes. And I think that as long as you restore, you can restore them by the end of this month to the full payroll, and have the program paid for the next two months but I think Sean is correct as long as you bring everybody up by the end of June it would qualify.

Sean:
And there's a lot of nuances with large pieces of legislation and what would be allowed and how it will be interpreted but you have to look at really what is the purpose of this program and the purpose is that people are not going to be laid off and they're not going to have their time reduced so that the extent that you're using the money you have to promote those things. Again, you cannot say that you

will not qualify if you have to have these things but the reason that they created this program is that you don't send people away so they can be paid for that work.

Hugh Tilson:
If that's the case, then would this apply to sole proprietor with no employees but with rent and overhead and with a slow practice income?

Sean:
Yes. Sole proprietors can apply, they can actually apply at this time along with the other employees. The independent contractors and another group have to apply in a weeks' time or two weeks' time but what you do to demonstrate what your salary costs and other things are would be slightly different and that's going to be broad and we can give you some guidance on some the things you're looking for but a sole proprietor with no employees can still apply for this program.

Hugh Tilson:
What happens if employees choose to voluntarily separate from the practice and the numbers dropped through no fault of the practice?

Sean:
This has come up in a previous webinar where when you're looking at the period of time you may be at risk for job changes status changes that were not in your control if somebody quits during the recovery period whether or not you wanted to, you're still responsible for that. I think that's the interpretation that you want to take efforts to make sure you are hiring people or rehiring people or maintaining workforce comparable to what you had prior to the COVID-19 crisis.

Dr. Dobson:
Back to the sole proprietorship in some applications I have seen actually some ask you for your 1099 cost related to people that we pay that are not technically employees so that may be another way that is so proprietor can document payroll costs by hiring people through 1099s status.

Sean:
As of April 3rd, small businesses and sole proprietors can apply and on April 10th independent contractors and self-employed individuals which I know a lot of people would see as a sole proprietor, but they have a slightly different tax filing they're eligible to start applying on April 10th. Here is another kind of tip when looking at your workforce. There is a little confusion over whether independent contractors or physician service agreement that you have with a person is an independent contractor should count. The general language of the legislation would make you think it could but the interim rule is pretty clear that since independent contractor can apply on their own behalf you cannot count them so you're only talking about employees that are full-time, part-time or in another relationship whereby that they're not considered independent contractors. The legislation with but you think that that's allowed in the interim final rule has expressly included excluded them from counting them as employees.

Hugh Tilson:
There's a bunch of questions. Most doctors make over 150,000. How do we count on the PPP, the reduce salaries, do we have that slide again and I have another question about where can I find the 25% offer information?

Sean:
I need a little clarity on the 25% buffer. The other one again you don't actually reduce the doctor salary as far as what they take home. You would reduce the value of that salary, the amount you would be allowed to get under the loan so if they make $150,000, you would only be eligible for $100,000 of that 150,000 and in our example on the side and demonstrated four partners that made 175,000 and when we would be applied for the loan it was viewed as if those partners only made 100,000 but you do not change their salary or how much they take home.

Hugh Tilson:

I just want to let everybody know that these slides are already mounted on the joint CCNC COVID-19 webpage so if you go to the CCNC website you will find that webpage and you can find these slides there. We will put a recording of this as well as soon as we can.

Dr. Dobson:
To address the 25% piece, the legislation and the calculation is that they are paying you for two months of your full payroll and they give you another 25% to pay your occupancy and utility costs. And in the loan forgiveness calculation that you are do you later show that what you spent four rent or interest on your mortgage as the other part of that and are utilities and utilities are broadly defined as not including Internet service and some cable, TV and it's all of your basic utilities services relating to your practice and you have up to 25% of that loan the you can spend on that.

Sean:
25% comes up like three times in this handout so Dr. Dobson included the 25% edition on coupled with a two-month salary on what the loan can be. You can also have your loan forgiven and what you need to spend at least 75% on payroll cost so there is 25% that can be spent outside of payroll costs are up to and you can still have the full amount forgiven and finally which might be the question that speaks to the amount your loan forgiveness will be reduced and that is if you decrease salaries by more than 25% of any employee that made less than 100,000 that would be a reduction and of course as he described before and if you had turnover that demonstrated your fee decreased your full-time employee account that would also be reviewed and your forgiveness would be reduced in either of those cases you mean you owe the full amount it just means the amount that was forgiven would be less.

Hugh Tilson:
Somebody just sent something in that said during eight weeks or highly paid employees over $1000 annually would limit to $8333.33 per month, 100,000 divided by 12 months, is that right? Is that graphic -- doesn't matter what they're paid, that's just what they are limited to. Is that right?

Sean:
That's right.

Dr. Dobson:
That's how much this program will fund to support the providers.

Sean:
You would use other funds that count for the difference in that the reason why you might want to have a separate checking accounts you can quickly show here's the money I spent on payroll and it is maybe easier to demonstrate how you don't co-mingle funds but if that's too difficult it is not required it may but just be a good tip.

Hugh Tilson:
What are groups doing when they're bringing people back but there is no work for them to do?

Sean:
I don't if I've ever worked anywhere where there is no work to do but I don't if there has been guidance really directed on that. One of the first funds speaks to funds that will be available for lost revenues so the fact that you might be paying someone for revenues that are coming in is contemplated but no, I don't have an answer. My hope would be that you would find a way to utilize those providers in a myriad of ways and extend your telehealth capabilities by setting them up to respond. In my mind there's plenty of people seeking care it's just whether or not the typical margin that a medical practice runs with can they sustain the long-term drought in this program in these instances trying to help you through or two phrases of that cost through this period of time.

Hugh Tilson:
I was hoping you get to tell health because that's an important opportunity.

Dr. Dobson:
I think this is an opportunity to take people who may be indirect roles and the clinic and put them on the phones calling patients and checking out all your patents that need follow-up that are afraid to come to the office rethink how you do things in an environment where everything doesn’t circle around the inpatient and in your office and again there were going to be talking about telehealth and was opportunities I think this will be a great opportunity for people to tell us what they're dreaming up and sharing.

Hugh Tilson:
It is two minutes until 7:00 and this has been really helpful and really productive, and I wanted to stop to thank everybody for making the time to be in our webinar tonight. Thank you to the Psychiatric Association, the Peds Society, the Academy of Family Physicians, CCNC, and NC AHEC for putting this all together. I really want to thank Dr. Dobson and Sean for the great work that they have done to present this really complicated information in a way that frankly even I could understand so thank you for that. Tom or Sean or Alan, do you have any last comments before we call it a day?

Alan:
No. The open question if somebody will get that available I will be certain to try to address each one of them and get into the right source to answer that and then thank you for your service in North Carolina and the health care you provide and the Association that support you and it's not lost on us what you do and I will in trying times thank you for being with us please let me know if I can be of any assistance.

Tom:
And this is Tom as reminder from CCNC that this collaboration with AHEC we are here to help so reach out to CCNC support, CCPN support, AHEC support we want to hear from you and we have a warm set up to try to address as many of these issues as we can and get them back out to you and we are looking forward to continue to get these webinars out to you as well.

Hugh Tilson:
Look forward to talking to you all next week and we will get that topic out soon. Thank you very much. [Event concluded]