

COVID-19 Financials: Practical Strategies for Use of Federal COVID-19 Funds

HHS Provider Relief Fund

Verify the amount is correct.

- It is estimated that each TIN will receive approximately 6.2% of its 2019 Medicare fee-for-service payments (not including Medicare Advantage).
- Providers can estimate their payment by dividing their 2019 Medicare fee-for-service payments (not including Medicare Advantage) received by \$484 billion and multiply that ratio by \$30 billion.
- Due to the nature of the following language, it may be a good idea for practices to be conservative with the funds until HHS has provided further clarification of terms like "eligibility" and "utilization." *"HHS may take action to correct the error immediately and without notice, which may include correcting calculation and input errors and reversing improper credits. HHS reserves its right to make adjustments at any time, regardless of any limitations or time constraints, except as required by law."*

Attest to receiving the emergency funding.

- You will need to do so prior to **5/10/2020** via the [portal](#).

Think about documentation!

- Document that the funds were "necessary to support ongoing operations." This will help you think through carefully how you disperse the money.
- Make sure to include practice administration or business partners in the discussions.
- The word "necessary" is important, so be sure to consider before accepting the funds.

Operate under the assumption that these funds are loans.

- Do not assume that the total amount will be forgiven.
- Stay up to date on the rules in order to ensure that the loan is forgiven, but plan for repayment as a backup.
- Also, make note of the rules, such as *"To the extent feasible, I will purchase only American-made equipment and products"* and consider those as you allocate the funds of the loan.

Consider setting up separate account(s).

- Separate accounts will help to ensure that the funding is primarily spent on payroll expenses.
- Up to 25% can be spent on rent, mortgage, and utility bills, but be careful to not go over that % as it will impact your ability to be forgiven.

Medicare Advanced Payment Program

- **This program is currently suspended by CMS effective April 27, 2020.**

SBA Emergency Loans

- Forgiveness of the Paycheck Protection Program (PPP) is not automatic.**
 - You are eligible to apply for loan forgiveness 8 weeks after the disbursement of the loan.
 - Contact your lender to apply for forgiveness.
 - Note that you will need to spend all of the funds in that 8-week time period.

- If you applied for the Economic Injury Disaster Loan & Grant (EIDL) in addition to PPP, be careful to not double dip.**
 - If you are awarded EIDL in addition to PPP funds, and you do not use the funds of the EIDL (including any money that received as an advance) on payroll expenses, it will not affect your eligibility for the PPP.
 - However, if you do use the EIDL for payroll costs, the PPP MUST be used to refinance the EIDL loan, and the proceeds from any advance will be deducted from the loan forgiveness amount.

- Once your PPP has been approved for loan forgiveness, you cannot defer your payroll taxes.**
 - The CARES Act allows all employers to defer depositing the employer's share of Social Security taxes for payments due from March 27 (CARES Act enactment date) through December 31, 2020.
 - If you are utilizing the ability to defer payroll taxes, you will need to be aware that once you are approved for PPP loan forgiveness, you will no longer be eligible for deferment.

Additional Tips

- Copays need to be carefully administered.**
 - Out-of-network providers must treat all presumptive or actual cases of COVID-19 as if they are in-network with Medicare and cannot collect more than the patient would otherwise have to pay an in-network provider. This would not apply to non-COVID related visits.
 - Any copays that are waived should/could be applied to "lost revenue". Calculate average monthly revenue before and after COVID impact to prove lost revenue. Monthly revenue should be reasonable and easy to calculate.

- Keep track of all sources and uses of funds received from all governmental programs.**
 - Practices will need to show that there was no double coverage or payment—e.g., if you've received both the PPP loan and the HHS provider relief funding, be sure that no funds from the provider relief fund were also used to pay payroll.
 - Recommend to establish separate accounts for these funds to track expenses and ensure dollars are used appropriately, especially so they are prepared in time of audit.
 - Note there is a requirement for quarterly reporting for those that receive >\$150,000 of total sum of CARES-related funding. The process to report has not been specified yet, so anticipate some future clarification and direction.