

CARES Act Provides Financial Options and Relief to Physicians

The Coronavirus Aid, Relief and Economic Securities (CARES) Act was signed into law on Friday, March 27, 2020. This Act provides multiple provisions that may aid your practice and the ability to remain in business for the “duration” of the COVID-19 pandemic. Some of these provisions are specific to healthcare providers, while others are farther reaching and will aid all small business and not just the healthcare provider sector. The aid comes in the form of grants, suspended policy, loans and advanced payments.

Grants to Healthcare Providers

A \$100 Billion Grant Fund was set aside as part of this \$2 trillion stimulus package and is exclusively for healthcare providers who are enrolled in the Medicare and Medicaid program. This fund is available during the period of National Emergency and the purpose is to provide grants to practices that have experienced a reduction in revenue or unexpected increases in cost due to the COVID-19 pandemic. The law authorizes the Secretary of the US Department of Health and Human Services (HHS) to review applications and make determinations about who will receive funds and for what purpose on a rolling basis. Under the law, providers must submit applications to the Secretary that include statements justifying the need for the funds. HHS still needs to set out criteria it will use to allocate funds. Part of this criteria is working out a formula to determine how to calculate a provider’s lost revenue. Revenue is considered lost whether it is for Medicare, Medicaid or commercially insured patients. It is expected to take a week to 10 days from passing of the CARES Act for CMS to have all necessary applications in place. APS will keep you updated on the processes as they come to light.

Sequestration Suspended

The Budget Control Act of 2011 established that Medicare spending is subject to across the board reductions of up to 2% from 2013 to 2029. From May 1, 2020 to December 31, 2020 Medicare sequestration reductions are suspended. This increased revenue in the short term will come at a cost. To make up for the budget savings lost because of this suspension, sequestration will be extended through 2030.

CMS Expands Advance Payment Program

Under the CARES Act, CMS is authorized to expand its current Accelerated and Advance Payment Program for the duration of the public health emergency. The program’s typical use is to provide necessary funds when there is a disruption in claims submissions and/or claims processing. The purpose of expanding this program is to provide an influx of cash into practices and it allows for a provider to request up to 3 months of normal Medicare payment amounts. This is an advance on future claims and 120 days after the date of issuance Medicare will begin recouping the loan by offsetting claims. The program requires the advance be paid by 210 days from date of issuance. This means that providers requesting the advance will pay it all back over the final 3 months of the arrangement. Providers should consider the timing of this request and amounts requested and should reach out to their Practice Manager with additional questions in that regard.

To qualify for the advanced payments, the provider must:

- Have billed Medicare for claims within 180 days immediately prior to the signature date on the request form,
- Not be in bankruptcy,
- Not be under active medical review or program integrity investigation, and
- Not have any outstanding delinquent Medicare overpayments

Providers interested in reading more about this option can read the [FAQ](#) sheet posted by CMS. Medicare Administrative Contractors (MAC) will process these requests, whose Coronavirus Hotlines can be contacted for further questions or to receive a copy of the application form. APS also has a copy of the form from each MAC available upon request. Contact information by MAC is as follows:

CGS Administrators - Jurisdiction 15

The toll-free Hotline Telephone Number: 1-855-769-9920

First Coast Service Options Inc. - Jurisdiction N

The toll-free Hotline Telephone Number: 1-855-247-8428

National Government Services (NGS) - Jurisdiction 6 & Jurisdiction K

The toll-free Hotline Telephone Number: 1-888-802-3898

Novitas Solutions, Inc. - Jurisdiction H & Jurisdiction L

The toll-free Hotline Telephone Number: 1-855-247-8428

Noridian Healthcare Solutions - Jurisdiction E & Jurisdiction F

The toll-free Hotline Telephone Number: 1-866-575-4067

Palmetto GBA - Jurisdiction J & Jurisdiction M

The toll-free Hotline Telephone Number: 1-833-820-6138

Wisconsin Physician Services (WPS) - Jurisdiction 5 & Jurisdiction 8

The toll-free Hotline Telephone Number: 1-844-209-2567

Small Business Administration (SBA) Loans

The Paycheck Protection Loan Assistance program was created through the CARES Act, which expands and modifies an existing SBA loan program. It was created to help any business struggling financially because of this pandemic. Expenses, such as payroll, utilities, health benefit, interest on other loans and rent/mortgage; incurred between February 15th and June 30th can be covered by this low interest (4% cap) government based loan option. Businesses that wish to apply can include individual compensation up to \$100,000. Any amounts higher per employee are not included. Most unique to this option is that the government may forgive the loan.



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All or most of the loan can be forgiven based on the percentage of people employed during the COVID-19 pandemic as it compares to the same period in 2019. If you have to decrease the number of people you employ during this period, the amount that could be forgiven is directly reduced also. Upon forgiveness of the loan or any amount, it will be deemed cancelled and the IRS will not require it to be included in the business' gross income. The program also requires that a business:

- Needs the money due to uncertainty caused by the COVID-19 pandemic,
- The loan funds will be used for legitimate business purposes, and
- The loan will not duplicate assistance already received via another program

At this time, it is not certain what will be considered duplicated assistance and we'll look for more guidance in the coming days.

These are overall hard times for businesses and medical practices alike. While some are on the front lines treating patients and helping control the spread of the disease, other practices are left with little to no referred work. The impact on the revenue cycle is going to be felt for months and hopefully no longer. APS will continue to monitor these and other programs that have been revised, installed or scrapped in order to help ease the burden COVID-19 has placed on all client's business.