



UPDATED: MARCH 30, 2020

During the COVID-19 pandemic, physician practices are confronting operational and business challenges as they continue to deliver high quality care to their patients. Medical practices will need to make difficult choices about whether to make significant changes that could include changing how they deliver care or even closing their practices. Many practices are currently facing:

- + Decreased patient visits and procedures resulting in reduced revenue and cash flow to the practice. This may be due to the postponement of non-essential visits and procedures; lack of personal protective equipment (PPE) and other supplies; and cancellation of appointments due to patient isolation and concerns about COVID-19 transmission.
- + Clinical and medical office staff being self-isolated/quarantined, unable to come to work because of childcare issues or re-directed to providing patient care outside of the practice, resulting in a smaller workforce available to manage the existing patient workload. This could result in higher costs for temporary staffing, overtime and locum tenens physicians.
- + Due to higher demand for PPE and testing supplies, the existing supply chain is strained such that the practice is either experiencing increased costs or is unable to procure the equipment and supplies to keep the practice functioning.
- + Practices may be required to divert reserves and other funding sources to continue to pay all of these higher costs.
- + High levels of uncertainty about practice viability, combined with anxiety about disease transmission and the welfare of their family, staff and patients can result in higher levels of stress and burnout for physicians.

This resource guide provides an overview of financial assistance available to medical practices during and after this difficult time so physicians have the information they need to make the right decisions for their businesses and families.

Getting Organized

The American Medical Association (AMA) has developed a [checklist](#) for physician practices that provides high level guidance for practice owners and administrators so they can gain a comprehensive view of the financial status and resiliency of their practices. The checklist includes:

1. Implement a process for rapid decision-making and planning.
2. Understand your insurance coverage.
3. Evaluate ongoing financial obligations.
4. Make a financial contingency plan.
5. Assess current and future supply needs.
6. Understand how to continue business operations.
7. Consolidate administrative resources, including coding tools.
8. Manage workflow.
9. Use digital health tools.
10. Communicate guidelines to employees.

Direct Payments

The federal economic relief package, signed into law on March 27, 2020, includes:

- + \$100 billion in direct assistance to physicians, hospitals and other health care workers for unreimbursed expenses and lost revenues due to reductions in other services as a result of the COVID-19 outbreak. Detailed guidance for eligibility and applications is forthcoming from the Department of Health and Human Services (HHS).
- + 2% increase in Medicare physician payments by temporarily lifting the Medicare sequestration cuts. 20% enhanced Medicare inpatient payment for services provided to patients with a COVID-19 diagnosis. Hospitals can also request to receive Medicare payments in an upfront lump sum.
- + \$454 billion to the Treasury Secretary's Stabilization Fund to provide emergency relief to assist businesses, including physician practices impacted by the outbreak.
- + Congress updated the mandate for Medicare, Medicaid, private insurers, TriCare, the VA and Indian Health Services to cover and pay for COVID-19 vaccines, testing and related physician visits and prohibit any patient cost-sharing for such services. Medicare will pay for 100% of the visit costs. Private insurers must pay the contracted rate. If there is no contract, insurers must pay the cash price posted by the physician.
- + All U.S. residents with adjusted gross income up to \$75,000 (\$150,000 married) are eligible for a full \$1,200 (\$2,400 married) rebate. They are also eligible for an additional \$500 per child. No action is required to receive a rebate check from the IRS.

Telehealth

Public and private entities have taken action to ensure that physicians participating in commercial managed care, Medi-Cal and Medicare are reimbursed for services provided via telehealth at the same rate that they would have been reimbursed if the service had been provided through an in-person visit. Some payers have expanded telehealth to include telephone visits. Expanded opportunities for telehealth payment may provide the opportunity for physicians to expand care delivery to include telehealth options.

See [CMA's COVID-19 Telehealth resources](#) for more information on how to access the expanded funding and bill for services

The federal economic relief package expanded Medicare telehealth coverage and payment for:

- + Services provided to new patients, as well as established patients
- + Services provided in Rural Health Centers and Federally Qualified Health Centers
- + Nephrologists conducting periodic evaluations of patients on home dialysis
- + Providers fulfilling the hospice face-to-face recertification requirements
- + Home health services

Medicare Accelerated and Advance Physician Payments

The Centers for Medicare & Medicaid Services (CMS) on March 28, 2020, announced an expansion of its accelerated and advance payment program for participating Medicare physicians and hospitals. This expansion is intended to lessen the financial hardship of providers facing extraordinary challenges related to the COVID-19 pandemic and help with cash flow problems that many physician practices are experiencing. To qualify for accelerated or advance payments, the physician must:

- + Have billed Medicare for claims within 180 days immediately prior to the date of signature on the provider's/ supplier's request form;
- + Not be in bankruptcy;
- + Not be under active medical review or program integrity investigation; and
- + Not have any outstanding delinquent Medicare overpayments.

Medicare will start accepting and processing the Accelerated/Advance Payment Requests immediately. California physicians should submit a request to [Noridian](#), California's Medicare contractor. Physicians

can request 100% of their historical Medicare payment amount for a three-month period. CMS anticipates that the payments will be issued within seven days of the provider's request. Repayment of the advance payments are due 120 days after the issuance of the advance payment. Physicians have 210 days from the issuance of the advance payment to repay the entire balance due to CMS.

For more information, see the CMS [fact sheet on the application process](#).

Financial Assistance Programs

State and federal policymakers have developed legislation focused on economic relief for small businesses. The following is a list of funding programs that could assist physicians in maintaining financial viability. Please note that the federal economic relief legislation was signed into law on March 27, 2020. Federal regulators are now charged with providing detailed guidance on how to apply for the new funding. CMA will post the new rules as soon as they are released.

Loan and Grant Programs

Small Business Administration

NEW PAYCHECK PROTECTION PROGRAM

The federal economic relief law includes nearly \$350 billion in funding to create a Paycheck Protection Program (PPP) that will provide small businesses and other entities with zero-fee loans of up to \$10 million. Up to 8 weeks of average payroll and other costs will be forgiven if the business retains its employees and their salary levels. Principal and interest are deferred for up to a year and all borrower fees are waived. This temporary emergency assistance through the Small Business Administration (SBA) and the Department of Treasury can be used in coordination with other COVID-financing assistance established in the bill or any other existing SBA loan program. The bill requires the SBA Administrator to set a cap on how much a bank can earn to process loan applications and prioritize underserved borrowers, including those in rural communities, minorities, women and veterans.

ECONOMIC INJURY DISASTER LOAN PROGRAM AND NEW GRANT PROGRAM

SBA will work directly with state governors to provide targeted, low-interest loans to small businesses and non-profits that have been severely impacted by the Coronavirus (COVID-19). The SBA's [Economic Injury Disaster Loan program](#) provides small businesses with working capital loans of up to \$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.

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The federal economic relief law includes \$10 billion in grant funding to provide an advance of \$10,000 to small businesses and nonprofits that apply for an SBA economic injury disaster loan (EIDL) within three days of applying for the loan. EIDLs are loans of up to \$2 million that carry interest rates up to 3.75% for companies and up to 2.75% for nonprofits, as well as principal and interest deferment for up to 4 years. The loans may be used to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses. The new \$10,000 EIDL grant does not need to be repaid, even if the grantee is subsequently denied an EIDL, and may be used to provide paid sick leave to employees, maintaining payroll, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments. Eligible grant recipients must have been in operation on January 31, 2020. The grant is available to small businesses, private nonprofits, sole proprietors and independent contractors, tribal businesses, as well as cooperatives and employee-owned businesses.

A business that receives an EIDL between January 31, 2020, and June 30, 2020, as a result of a COVID-19 disaster declaration is eligible to apply for a PPP loan or the business may refinance their EIDL into a PPP loan. In either case, the emergency EIDL grant award of up to \$10,000 would be subtracted from the amount forgiven in the payroll protection plan.

EXPRESS BRIDGE LOANS

[Express Bridge Loan Pilot Program](#) allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 with less paperwork. These loans can provide vital economic support to help small businesses overcome the temporary loss of revenue and can be term loans or used to bridge the gap while applying for a direct SBA Economic Injury Disaster loan. If a small business has an urgent need for cash while waiting for decision and disbursement on Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan.

Debt Relief for Existing and New SBA Borrowers

The federal economic relief law includes \$17 billion in funding to provide immediate relief to small businesses with standard SBA 7(a), 504, or microloans. Under this provision, SBA will cover all loan payments for existing SBA borrowers, including principal, interest, and fees, for six months. This relief will also be available to new borrowers who take out an SBA loan within six months after the President signs the bill. The measure also encourages banks to provide further relief to small business borrowers by allowing them to extend the duration of existing loans beyond existing limits; and enables small business lenders to assist more new and existing borrowers by providing a temporary extension on certain reporting requirements. While SBA borrowers are receiving the six months debt relief, they may apply for a PPP loan that provides capital to keep their employees on the job. The six months of SBA payment relief may not be applied to payments on PPP loans. The stimulus also includes a permanent fix that allows

SBA to waive fees for veterans and their spouses in the 7(a) Express Loan Program, regardless of the President's budget. Under current law, SBA may only waive fees on 7(a) Express loans to veterans when the President's budget does not project a cost above zero for the overall 7(a) loan program.

Small Business Finance Center

California IBank has a [Small Business Loan Guarantee Program](#) for guarantees up to \$1 million and a micro lending program for loans up to \$10,000 with accommodations for disasters. The program is run through local mission-based lenders, the Financial Development Corporations.

California Capital Access Program for Small Businesses

The [California Capital \(CalCAP\) Access Program for Small Business](#) encourages banks and other financial institutions to make loans to small businesses that have difficulty obtaining financing. If you own a small business and need a loan for start-up, expansion or working capital, you may receive more favorable loan terms from a lender if your loan is enrolled in the CalCAP Loan Loss Reserve Program. This program helps communities by providing financing to businesses that create jobs and improve the economy.

CalCAP is a loan loss reserve program which may provide up to 100% coverage on losses as a result of certain loan defaults. With CalCAP portfolio support, a lender may be more comfortable underwriting small business loans.

Check to see if your commercial lender or financial institution participates in CalCAP or find a participating lender. If your financial institution does not currently participate, it is easy for lenders to sign up. Please have your institution complete the Financial Institution Application and send to CalCAP to get started.

Deferred Mortgage Payments

On March 25, 2020, Governor Newsom announced that financial institutions would offer, consistent with applicable guidelines, mortgage payment forbearances of up to 90 days to borrowers economically impacted by COVID-19. In addition, those institutions must:

- + Provide borrowers a streamlined process to request a forbearance for COVID-19-related reasons, supported with available documentation;
- + Confirm approval of and terms of forbearance program; and
- + Provide borrowers the opportunity to request additional relief, as practicable, upon continued showing of hardship due to COVID-19.

In addition, under federal law, borrowers will receive 180 days of forbearance for federally backed mortgage loans (Fannie Mae, Freddie Mac, HUD, VA, USDA). The law also prohibits foreclosures on all federally-backed mortgage loans for a 60-day period beginning on March 18, 2020. This benefit terminates at the end of the national emergency or December 31, 2020.

No Negative Credit Impacts Resulting from Relief

Under the new federal law, financial institutions may not report derogatory tradelines (e.g., late payments) to credit reporting agencies, consistent with applicable guidelines, for borrowers taking advantage of COVID-19-related relief.

Student Loans

The federal economic relief law:

- + Defers student loan payments, principals, and interests through September 30, 2020. Additionally, during this time, involuntary collection related to student loans will be suspended.
- + Allows students who withdraw from school as a result of COVID-19 to not return Pell grants, other grant assistance, or loans. Additionally, for students who withdraw from school as a result of COVID-19, the current academic term would be excluded from counting toward lifetime subsidized loan or Pell grant eligibility.
- + Allows schools to use Supplemental Educational Opportunity Grants as emergency financial aid grants to assist graduate students with unexpected expenses and unmet financial needs that arise as the result of COVID-19.
- + Allows institutions to transfer unused work-study funds to be used for supplemental grants. Additionally, it would give institutions the ability to issue work-study payments to student who are unable to work due to work-place closures, as a result of COVID-19, as a lump sum or in payments similar to paychecks.
- + Supports foreign education institutions, including graduate medical programs, as they offer distance learning to U.S. students receiving Title IV funds for the duration of the COVID-19 pandemic.

Professional Liability

The new federal law provides professional liability protections with exceptions under the Good Samaritan laws for physicians providing volunteer medical services during the COVID-19 public health emergency.

Unemployment, Paid Sick and Medical Leave, Child Care

The economic relief law includes:

- + Child Care Block Grant: \$3.5 billion to allow child care programs to remain open and meet priority emergency staffing needs for health care workers and first responders.
- + Expands unemployment benefits for employees who remain unemployed after state unemployment benefits are no longer available. (Earlier legislation enacted by Congress increased funding for state unemployment insurance funds.)

An earlier Congressional bill provided the following expanded Paid Sick and Paid Family and Medical Leave for those impacted by the COVID-19 outbreak:

- + Up to two weeks of paid sick leave for workers who work for the government or employers with 500 employees or less.
- + 12 weeks of job-protected paid family and medical leave for government employees and employees who work for employers with less than 500 employees. The paid family and medical leave begins after the first 14 days of sick leave and is not less than two-thirds of the employee's regular payment rate. It will be provided to employees adhering to requirements or recommendations for quarantine; to care for a family member required or recommended for quarantine; or to care for a child whose school or child care is closed.
- + Tax credits to employers to offset the costs of emergency sick and medical leave.

Federal and State Tax Relief

Internal Revenue Service. The deadlines to file and pay federal income taxes are extended to July 15, 2020. Small and midsize employers can also begin taking advantage of two new refundable payroll tax credits, designed to promptly and fully reimburse them, dollar-for-dollar, for the cost of providing Coronavirus-related leave to their employees.

Franchise Tax Board. Because of COVID-19, California has moved various tax filing and payment deadlines to July 15, 2020.

California Department of Tax and Fee Administration (CDTFA). Pursuant to Governor Newsom's Executive Order on March 12th, the CDTFA has the authority to assist individuals and businesses impacted by complying with a state or local public health official's imposition or recommendation of social distancing measures related to COVID-19, through May 11th. This assistance includes granting extensions for filing returns and making payments, relief from interest and penalties, and filing a claim

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for refund. Taxpayers may request assistance by [contacting](#) the CDTFA. Requests for relief of interest or penalties or requesting an extension for filing a return may be made through CDTFA's online services.

The federal economic relief law includes multiple provisions that provide tax relief for employers, including physician employers. Specifically, the federal package:

- + Allows advance refunding of tax credits for employers to offset the costs of the additional paid sick and medical leave for employees.
- + Refundable Employer Payroll Tax Credits for 50% of wages paid by employers to employees during the crisis. The credits are for employers whose (1) operations were fully or partially suspended due to a COVID-19 related shut-down order, or (2) gross receipts are down by more than 50%. Credit is provided for the first \$10,000 in compensation per employee from March 13, 2020 to December 31, 2020.
- + Allows employers or self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government for their employees. It requires the deferred employment tax be paid over the following two years with half of the amount required to be paid by December 31, 2020 and the other half by December 31, 2022.
- + Allows modifications for business net operating losses to allow businesses to use losses and amend prior year tax returns which will provide critical cash flow. A net operating loss arising in a tax year beginning in 2018, 2019, or 2020 can be carried back five years.
- + Allows businesses to temporarily increase the amount of interest expense they are allowed to deduct on their tax returns by increasing the 30% limitation to 50% of taxable income for 2019 and 2020 with adjustments.
- + Waives the 10% penalty on early withdrawal of distributions up to \$100,000 from qualified retirement funds and allows more flexibility for loans from certain retirement plans. Such distributions may be made for individuals, spouses or dependents diagnosed with COVID-19, quarantined, furloughed, laid off, having work hours reduced, unable to work because of lack of child care, closing or reducing hours of business owned by the individual.

CMA Resources

CMA's Health Law Library

CMA's online health law library contains over 5,400 pages of up-to-date information on a variety of subjects of everyday importance to physicians, including current laws, regulations and court decisions that affect the practice of medicine. One of CMA's most valuable member benefits, the searchable online library contains all the information available in the California Physician's Legal Handbook (CPLH), an annual publication from

CMA's Center for Legal Affairs. This resource can provide helpful guidance to physicians as they consider their options for changing their practice models to ensure financial viability after the COVID-19 pandemic.

Examples of content that may be relevant at this time include:

- + [Medical Practice Option Overview](#)
- + [Retaining a practice consultant](#)
- + [Covering Physicians \(Locum Tenums\)](#)
- + [Retirement Notice](#)
- + [Termination of the Physician-Patient Relationship](#)

CMA members can access the library documents free at cmadocs.org/health-law-library. Nonmembers can purchase documents for \$2 per page.

CPLH, the complete health law library, is also available for purchase in a multi-volume print set or annual online subscription service. To order a copy, visit cplh.org or call (800) 882-1262.

Consult a Professional

This crisis will have significant impacts on physician practices, but physicians do not have to undergo these changes without help from professionals. However, hiring the right professional is not always easy. CMA can provide information and guidance to physicians interested in retaining professional assistance to navigate changes to their practice. Contact CMA at (800) 786-4262 or at memberservice@cmadocs.org.

RESOURCES FOR BUSINESS COUNSELING SERVICES. Many large companies are struggling to respond to the unprecedented economic disruption our nation is facing, so small businesses that have even fewer resources to dedicate to navigating the economic impacts of COVID-19 must have access to reliable counseling and mentorship services. The federal stimulus provides \$275 million in grants to the nation's network of Small Business Development Centers (SBDCs) and Women's Business Centers (WBCs), as well as the Minority Business Development Agency's Business Centers (MBDCs), to provide mentorship, guidance and expertise to small businesses. The funding will allow SBDCs, WBCs, and MBDCs to hire staff and provide programming to help small businesses and minority-owned businesses respond to COVID-19.

LEGAL COUNSEL. The CMA Center for Legal Affairs is ready to provide information about laws related to the practice of medicine and can connect you to physician-friendly attorneys who can advise on changes to your practice. Call the CMA Legal Information Line at (800) 786-4262.

FINANCIAL PLANNING. As you explore strengthening your practice and personal finances, working with a financial planner can be a great way to start. Contact CMA and we can help connect you with a trusted advisor who understands physicians' unique needs and get the insights you need to build financial security.

What's Next

Action has been taken at the state and federal level to provide economic relief to individuals, businesses, and health care providers impacted by the COVID-19 pandemic and more relief is expected to be approved as the crisis progresses. As these relief packages are developed, both nationally and at the state, CMA will continue to advocate to include assistance for physicians and their practices. This toolkit will continue to be updated as those relief packages are implemented.

STATE ACTION. Governor Gavin Newsom signed emergency legislation on March 17 providing up to \$1 billion in funding to help California fight COVID-19. Executive orders have also been signed, which provide economic relief such as 90-day grace period on mortgage payments and extensions on state tax filings.

FEDERAL ACTION. Congress has enacted three major legislative packages to address the COVID-19 pandemic. On Friday, March 27, 2020, the President signed the third bill - a \$2 trillion bipartisan agreement to address the needs of the American people and health care providers confronting the coronavirus pandemic. It is the biggest economic rescue package in U.S. history. CMA aggressively advocated for additional financial assistance for physician practices, and increased funding for public health and the production of personal protective equipment.

For more details, see [CMA's COVID-19 Federal Economic Relief Legislative Summary](#).

CMA ADVOCACY. On March 27, 2020, CMA sent a [letter](#) to the California Congressional Delegation, urging Congress to take additional steps to sustain physician practices during this trying time so they are able to remain on the front lines serving patients.