

Coronavirus Relief for Health Care Entities

April 1, 2020 - Over the past week, a large volume of information has come out about provisions of the various government relief programs aimed at economic assistance for the Coronavirus Pandemic. Much of that information has focused on tax relief and stimulus checks for individuals and programs aimed to support small business.

The organizations which make up the American health care system are more acutely impacted. In addition to being businesses themselves – with many of the same challenges of diminished customer volume, human resources matters with their own employees, and costs of maintaining business continuity with increasingly remote administration, our health care systems, provider practices, and not-for-profits are on the front-line of the pandemic itself – preparing to provide needed care to patients.

This blog is intended as a summary of key provisions to help our health care community.

Phase One, Two, Three and maybe Four?

The Coronavirus relief has been fast moving, with information and regulations on one bill coming out as successors are negotiated and passed. As a brief overview of where we've been and where we are going:

- **Phase One:** The first bill passed by Congress was signed into law by President Trump on March 6, 2020 and provided \$8.3 billion in initial funding, primarily designated for governmental entities. Funding (not a complete list) included:
 - \$100 million earmarked for community health centers for underserved populations – to be administered by the Department of Health and Human Services
 - \$950 million for state and local health departments to be distributed by the Centers for Disease Control and Prevention (“CDC”). This is meant for rapid distribution to assist local governments with sudden staffing, lab equipment or similar needs.
 - \$1.25 billion for international aid to assist foreign governments in combatting the virus – administered by the U.S. Agency for International Development
 - \$3.8 billion for research of vaccines and treatments
 - \$500 million to allow Medicare providers to administer telehealth services

- **Phase Two:** The Families First Coronavirus Response Act became law on March 18, 2020, providing an estimated \$3.5 billion of additional spending authorization, primarily supporting nutrition programs (SNAP, WIC, Meals on Wheels, etc.), more than \$1 billion of funding to reimburse providers for detection, diagnosis and testing activities related to COVID-19, and funding for unemployment benefits. The Act also included a significant expansion of family and medical leave benefits, sick pay, unemployment and similar provisions with payroll tax credits to offset the employer cost of the programs. Health care entities and most small businesses had exemption from the requirements.

- **Phase Three:** The Coronavirus Aid, Relief, and Economic Security (CARES) Act – The \$2 trillion package which became law on March 27, 2020 included the now widely reported provisions on the Paycheck Protection Loan program (<https://www.dopkins.com/blog/how-to-do-i-qualify-for-the-10mm-sba-loan-and-have-it-forgiven/>) for small businesses including not-for-profits and several helpful tax benefits for for-profit businesses of all sizes (<https://www.dopkins.com/blog/categories/covid-19-tax/>). The bill also included several provisions of interest to health care and not-for-profit providers;
 - Allows individuals to deduct up to \$300 in contributions before adjusted gross income for the 2020 tax year. This will allow a tax benefit for a charitable contribution even if the taxpayer takes the standard deduction.
 - Increases to the contribution limits for large donors and for contributions of food inventory. Thus, if major donors make an unusually large donation to help a not-for-profit through the current crisis, the tax benefit may be enhanced.
 - A requirement for providers of COVID-19 diagnostic testing to publicize a “cash price” for the test on their website and for commercial insurance companies to reimburse providers for such testing.
 - Supplemental funding for health centers for the “prevention, diagnosis and treatment of COVID-19, telehealth programs, rural healthcare
 - Limitations on liability for volunteer health care professionals (i.e. protection from malpractice if retired (or otherwise) professionals volunteer).
 - Reauthorization of various healthcare workforce training programs (including some related to hospital residencies)
 - Flexibility on payment for telehealth services when the medical professional is not at the provider site or is for an initial visit. Flexibility and waivers are also granted to allow certain services such as home dialysis patients and hospice care certification to be offered via telehealth when ordinarily required to be face to face.
 - Add on payments for Medicare inpatient COVID-19 patients under the Prospective Payment System
 - Expansion of the Medicare Accelerated Payment Program – this can be particularly important as administrative processes, including claims submissions are disrupted during the Pandemic.
Read more info on our Medicare Accelerated Payment Program post:
<https://www.dopkins.com/blog/medicare-accelerated-payment-program-expanded-during-covid-19-pandemic/>
 - Delay of planned DSH reductions from May 23 until December 1
 - Extension and expansion to 2 additional states of funding for Certified Community Behavioral Health Clinics (CCBHC).
 - Extension of funding for a myriad of other federal health programs. While too many to list, it appears that these are not new programs, but rather assurance from the federal government that nearly all current health care programs and demonstration projects will not face funding cuts in the near term.

- **Phase 4:** Congress, the White House and various advocacy groups are already discussing a fourth relief bill. Early details suggest this bill will be less about the direct impacts and costs of COVID-19 and the various shutdowns themselves and more about economic stimulus more generally – particularly infrastructure plans. That said, there is a likelihood that public health infrastructure and programs to support behavioral health and chronic health conditions aggravated by the shutdowns will receive support.

What to do now / What to do first

The first priority for the health care community is to provide care for their patients. As you do so, to the extent it relieves stress, it appears that the relief and stimulus bills are comprehensive and aimed at relaxing regulations and easing the financial impact as much as possible. It may take time and some paperwork down the road, but it appears that the government is trying to ultimately make you whole and, as a silver lining, an enhanced focus on public health investment is likely in the future.

After confidently making the decisions to do the right thing for your patients, health care finance officials can take a few actions now:

- Apply for what you are entitled to as a business – Health care entities are businesses too, and many of them meet the requirement of small business (generally less than 500 employees). If you are a small business, talk to your banker or to Dopkins SBA Loan Specialists (<https://www.dopkins.com/whats-new/news/dopkins-company-sba-loan-specialists-prepare-to-assist-business-owners-secure-financing-from-the-cares-act/>) about your options. We expect that nearly all will benefit from the Paycheck Protection Program (PPP) Loans which can provide forgivable support for up to 2.5 months of payroll. If you expect to have losses or capital needs beyond that, the SBA's Economic Injury Disaster Loans (EIDL) and Emergency Economic Injury Grants may provide additional low-interest financing.
- Check your existing insurance policies for business interruption. These policies commonly exclude pandemics and/or require damage to physical property, but policies written may vary and state insurance regulators may be providing guidance to insurance companies on required coverages. If in doubt on potential coverage, you can ask your insurance company or agent.
- Review your employee policies for medical or family leave. As noted above, many health care entities are exempt from some of the new requirements for extended benefits, but given widespread reporting, there may be confusion with your workforce. To the extent you have laid off or have plans to lay off employees, or to offer extended family or medical leave benefits, review and understand the potential payroll tax credits you may be entitled to.
- If you are a for-profit business or practitioner, review your recent tax filings. There were a series of tax changes in the bills, including several that could allow a near immediate refund with an amended return – especially if you had NOL's or were subject to business interest limitations. These provisions are complicated and best reviewed with your tax professional.
- Protect your cash flow – In addition to the PPP loans and payroll tax credits for family and medical leave costs, the CARES Act also delayed payment due dates for certain employer payroll taxes – and if you owed tax for your 2019 return, payment (and filing) due dates were extended

to July 15. Reach out to your banker or major vendors if you need to defer payments – most have programs to accommodate. And consider applicability of the Medicare Accelerated and Advanced Payment system: <https://www.dopkins.com/blog/medicare-accelerated-payment-program-expanded-during-covid-19-pandemic/>

- Prepare to receive future funding – organize to capture your costs and lost revenue. As noted above, the relief bills included significant funding for the health care system, but much of it is as of yet unallocated or without rules to govern distribution. In the coming days, weeks and months, we can expect CMS, HHS, and State Departments of Health to develop programs and regulations for funding. We won't know the details for some time, but, in broad principle, we can expect many of those programs to be aimed at reimbursing for demonstrated economic loss. To that end, consider brainstorming your potential areas of lost revenue or added expense and capture information to allow filing of an eventual claim. A few ideas:
 - Case or Payor mix – Did higher margin elective procedures get deferred or cancelled in place of respiratory illness / COVID cases. Were higher-risk / lower-income individuals more affected than those with higher-benefit commercial insurance?
 - Volume decrease – Did you need to stay open as a critical access provider, but was volume down, particularly in the early stages of social distancing, as people stayed home unless going to a doctor or clinic was essential.
 - Prompt Pay / Claim timing issues – Administrative disruption from medical billing professionals working from home.
 - Facility costs, equipment and supplies – increased cost or frequency of cleaning or sterilization, increased usage and per-unit cost of masks and similar supplies. Facility modifications to add capacity or add protection for workers
 - Investment in facilitating remote work – expanded internet / VPN capabilities, employee cell phone or hotspot use, laptops, collaboration software, investments in telehealth
 - Bad debt / credit losses on self-pay portion of medical billings
 - Employee costs – overtime, temporary employees.
 - Self-insured health costs for own employees – There's a likelihood that healthcare workers will be among the most exposed. Care costs may continue beyond the peak of the virus.

The exact costs that will be ultimately reimbursed may not be fully known, but there will be some relief, and, to the extent not grant covered, may play into a comprehensive estimate of economic injury for eligibility in the SBA's low interest loan programs. You may not yet have the information or specific programs to apply for, but you can begin now planning for the eventuality of needing to quantify a loss.

The Big Picture – Dopkins is here to help!

This is a complex and unprecedented time for all of America, but our health care industry in particular. We hope this has been helpful to organize some of the information and your thoughts.

The status quo is changing rapidly, and we have a COVID-19 resource center set up to help you keep up to date - <https://www.dopkins.com/services/covid-19-business-resource-center/>

You are not in this alone and we are here to help! We have professionals designated as subject matter experts for each tax provision and program and are more than willing to help you facilitate a strategy session to talk through what is impacting your organization.

For more information, contact [Nicholas Fiume](#) at nfiume@dopkins.com.