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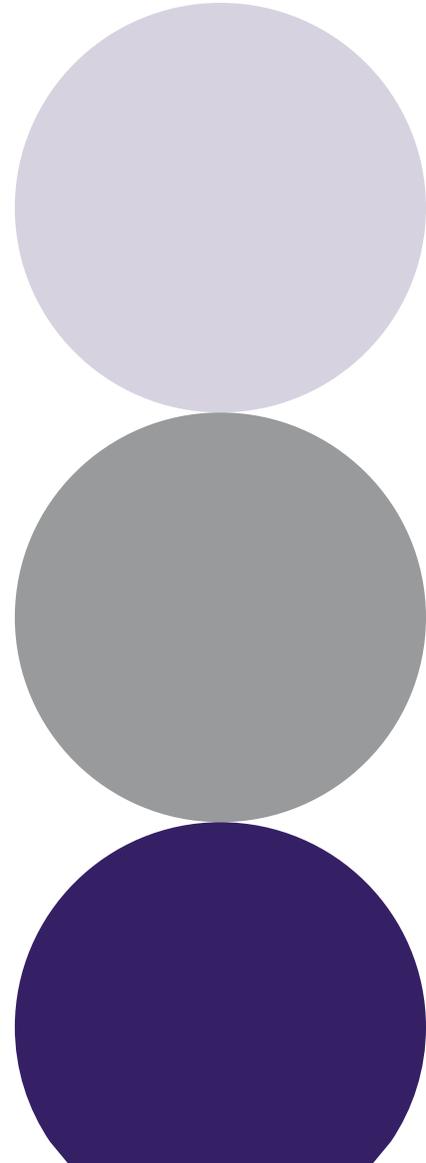
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# Update on COVID-19 Financial Relief

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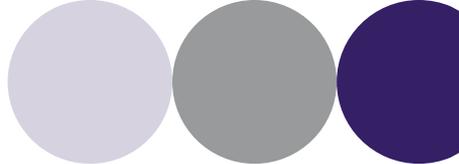
May 12, 2020



# Disclosure

- No speaker has any relevant financial disclosures or relationships.
- Drs. Glasser and Repka are AAO Consultants.



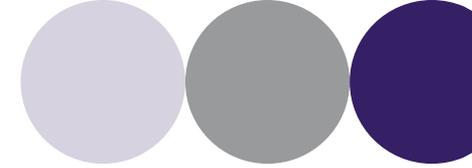


# Webinar Series

- Prior webinars
  - Focus on Medicare Advance Payments and Relief Funds
  - Focus on EIDL and PPP
  - Focus on future legislative efforts, PPP, Relief Funds, and Medicare Advance Payments
  - Solos
  - Retinal practice issues
- All are/have been available for video viewing a few days after presentation. The slide deck should be available the next morning. We expect to use questions to develop additional fact sheets.

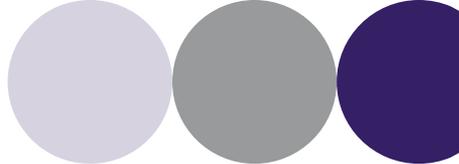


# AAO Survey of COVID-19 Impacts on Ophthalmology Practices



- By adhering to urgent/emergent care recommendations:
  - 95% of practices seeing 25% or less of pre-COVID patient volume
  - 81% of practices seeing 10% or less of pre-COVID surgical volume
- 63% of practices have furloughed and/or laid off staff
  - Majority of furloughs/layoffs are in solo and two-ophthalmologist practices
- Without substantive federal grants and loans:
  - 2/3 of practices project they will be financially unhealthy;
  - 4 of every 5 practices project they will be smaller upon reopening; and
  - 6% of ophthalmologists will stop practicing





# CARES Act Financial Relief Loans & Advances

- The CARES Act created, expanded, and provided funding for financial relief programs that are available to ophthalmologists.
  1. Paycheck Protection Program
  2. Economic Injury Disaster Loans
    - \$10K Economic Emergency Advance for those who apply for EIDL
  3. CMS Accelerated and Advance Payment Program
  4. CARES Act Provider Relief Funds

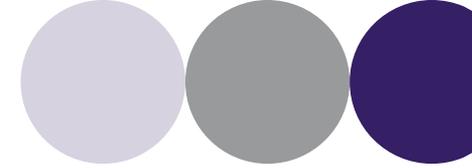


# CMS Accelerated and Advanced Payment Program

- To assist in immediate cash flow needs
- Challenges with program:
  - Short repayment window:
    - Begins in 120 days and must be completed in 210 days
    - Only a 90-day repayment period
  - Exorbitant interest rates on post-repayment balances
  - CMS lacks flexibility to set longer repayment terms
- Only 28% of ophthalmology practices applied or planned to apply for advanced payments
- CMS suspended the program at the end of April



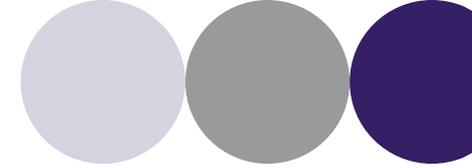
# Congressional Next Steps



- **COVID 4 and beyond?**
  - Bipartisan agreement on need for additional legislation
  - Disagreement over content and timing of next package
  - House Democratic leaders working on new bill based on democratic priorities:
    - Aid for state and local governments
    - Additional \$\$ for safety-net programs and healthcare providers
    - Improvements for the Paycheck Protection Program
    - Pushing for a House vote this week but could be delayed
  - Republican Senate leaders
    - Want to evaluate what Congress has already done before moving onto the next bill



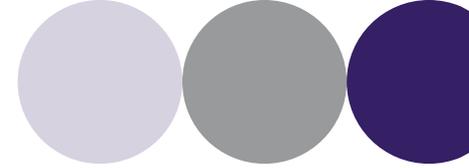
# Immediate Relief for Practices



- Medicare Accelerated and Advance Payment Program
  - Urge CMS to reopen program
  - Congress should enact fixes that would:
    - Lower interest rates on post-recoupment balances
    - Establish longer repayment period
    - Provide CMS with more flexibility to set repayment terms
  - CMS says it can't make these changes without congressional action.
  
- Small business loan programs
  - Provide additional \$\$ for programs



# Long-Term Recovery Assistance for Practices



- Relief from 2021 E/M policy changes by:
  - Waiving budget neutrality for the Medicare payment changes for E/M services set for January 1, 2021:
    - Allows CMS to implement payment increases for E/M visits
    - Averts drastic payment cuts to other physician services that will be required by implementation of a new add-on code
  - Directing CMS to apply E/M payment increases to post-op visits for 10- and 90-day global codes
- Extend CARES Act relief from Medicare sequestration payment cuts through 2021
- Implement a positive physician update



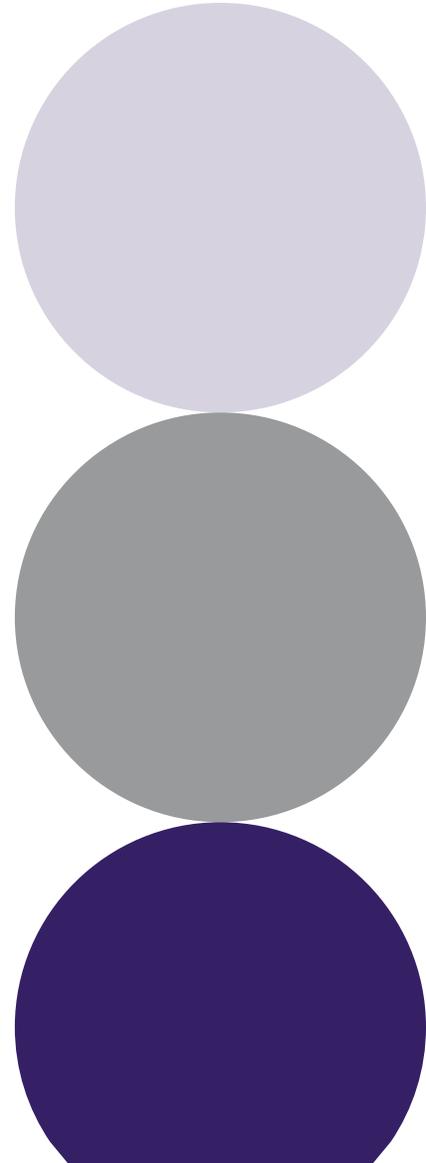


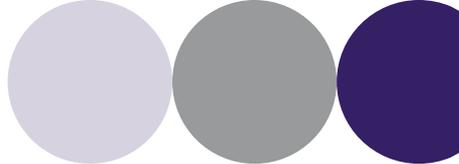
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# Paycheck Protection Program

Scott Haber, Manager for Federal Affairs and Public Health

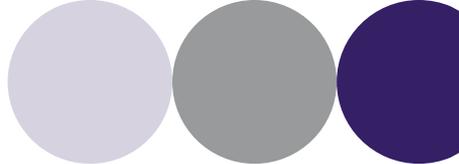




# Paycheck Protection Program (PPP)

- The PPP has received over \$650 billion in funding through legislation, including the CARES Act.
- 8 weeks of payroll/costs eligible for forgiveness if meeting employee retention requirements
- 75% of forgiven portion of a loan must be for payroll costs, 25% non-payroll (rent/mortgage, utilities) during the covered period
- Any portion not forgiven is carried forward at 1.00% interest



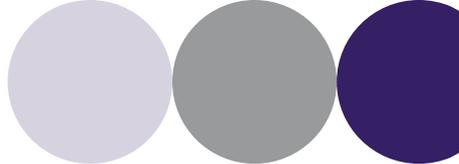


# Applying for PPP Loan

- While the initial funding ran out quickly, over \$100 billion of new funding remains available
- The PPP loans are available through SBA-approved lenders, major banks, and others approved by Treasury/SBA.
- If you need to identify a lender:

<https://www.sba.gov/paycheckprotection/find>

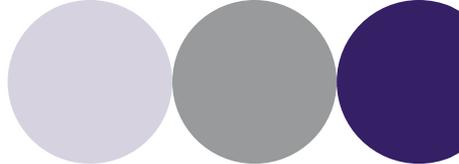




# Initial PPP Loan Access Challenges Are Fading

- The initial round of funding for PPP loans ran out on April 16<sup>th</sup>, many ophthalmology practices informed the Academy that they were not successful during initial funding period.
- Academy survey data showed an overwhelming % of respondents applied for these loans.
- With the additional PPP funding passed via new legislation, practices have found more success in accessing PPP loans.

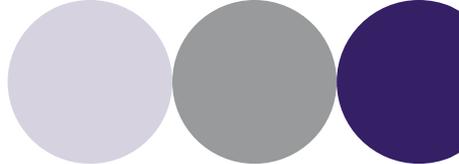




# Loan Forgiveness under PPP

- Depends on activity and certain measurements taken during the “covered period,” i.e. the 8-week period after the lender disburses the PPP loan proceeds.
- Reductions in FTEs or salary between Feb. 15, 2020 and April 26, 2020 can be “cured” and will not reduce the amount of loan forgiveness if, by June 30, 2020, the borrower has eliminated the reduction in the number of FTEs/salary.
- Many questions remain unanswered on PPP loan forgiveness, waiting on guidance from Treasury



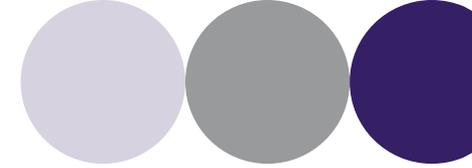


# Economic Injury Disaster Loans & Advance

- The CARES Act expanded EIDL's to provide financial assistance to small businesses impacted by COVID-19 and recent legislation provided additional funds.
- Available directly through SBA
- Loans not eligible for forgiveness, Interest rate of up to 3.75%
- Borrowers applying for EIDL can request an emergency advance of \$10K
- Unfortunately, the EIDL program was flooded with applications, SBA has limited new applications and reduced the maximum loan to \$150,000



# Seeking Clarity on PPP, Monitoring New Legislation



- The Academy is seeking clarity on loan forgiveness for PPP, as well as pushing legislation that would fix the Treasury Dept decision that businesses that get a PPP loan forgiven could not deduct the expenses they paid with the loan in their taxes.
- This “fix” is included in today’s House Democratic economic relief package, as are a handful of changes to PPP loans, including:
  - Extends 8-week covered period to 24 weeks
  - Extends period for re-hires to 12/31
  - Eliminates 75/25 rule on loan proceeds



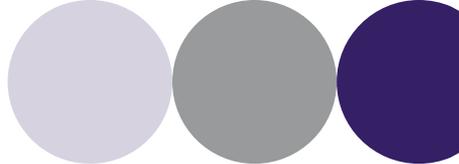
# CMS Provider Relief Funds

David Glasser, MD  
Secretary for Federal Affairs



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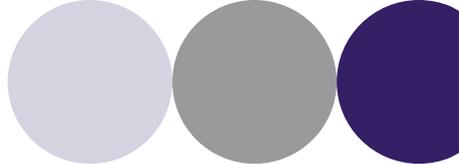
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# Provider Relief Fund: First \$30 Billion

- Portion of CARES Act allocated to hospitals, healthcare providers
- Eligibility: almost all providers, facilities with 2019 Medicare FFS payments
  - No application required: payment is automatic
  - Attestation through HHS portal
  - Outright grants, not loans: do not need to be repaid
- 6.2% of 2019 Medicare FFS payments sent to billing organization per TIN
  - Announced April 10, ACH funds distributed by UHG April 13-24, checks later
  - Funds go to TIN that billed in 2019. 1 provider, 2 TINs = separate payments to each.
  - Based on all Part B receipts, including drugs
  - Remittance advice: HHSPAYMENT

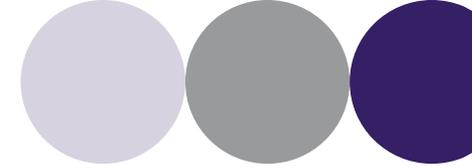




# Why Part B Medicare FFS Payments?

- Those with minimal Medicare FFS in payer mix will see little relief
  - Pediatric and oculoplastic ophthalmologists
  - Areas with high Medicare Advantage penetration
- Payments to those using Part B drugs reflect previous drug dollars
  - Still providing injections on an urgent or emergency basis
  - Higher immediate cash-flow needs despite continuing to bill for Part B drugs
- CMS used Part B payment data – more concerned with speed than accuracy
- Academy advocated for a more inclusive process, and continues to do so
  - Provider Relief Payments are a small part of the relief program
  - Remaining funds from CARES, future COVID legislation will distribute differently

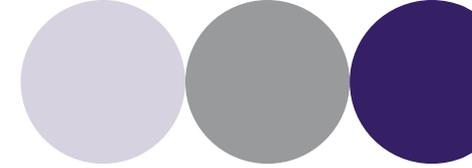
# PRF T&C First \$30 Billion: Eligibility and Use of Funds



- Deemed to have accepted T&C if funds retained w/o contacting HHS
- Recipient = healthcare provider, individual or entity. Requirements:
  - Billed Medicare in 2019
  - Took care of *any* patients after January 31, 2020. Eligible even if shut down since.
  - Isn't terminated, excluded, or had billing privileges revoked by Federal programs
  - No "surprise" balance billing for out-of-network COVID-specific care
- Use of Provider Relief Fund Payment
  - Health care related expenses or lost revenues due to COVID = almost anything
  - Not allowed: expenses or losses paid from other sources
  - Limit: \$197,300 maximum salary reimbursement per person from these funds



# PRF T&C First \$30 Billion: Records and Reporting



- All recipients must report “to ensure compliance.” Details TBA.
- Recipients of >\$150,000 must report quarterly in greater detail, and in compliance with Federal Funding Accountability and Transparency Act

## What Counts

- Provider relief fund payments
- EIDL grants
- Forgiven portions of PPP loans

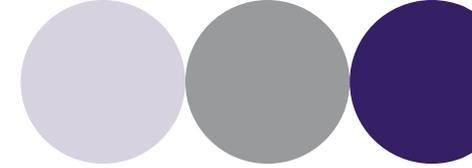
## What Doesn't Count

- Advanced payments
- EIDL loans
- Unforgiven portions of PPP loans

**KEEP METICULOUS RECORDS**

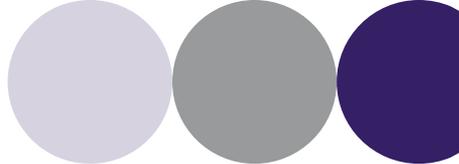


# PRF T&C First \$30 Billion: Other Legal Restrictions on Use of Payment



- No lobbying
- No political donations
- No gun control advocacy
- Limitations on abortion payments
- Limitations on needle exchange funding
- No embryo research
- No promotion to legalize controlled substances
- No funds to ACORN
- No propaganda
- No confidentiality agreements, NDAs
- No payments to those owing Fed tax
- No payments to felons
- No chimpanzee research
- No human trafficking
- Whistleblower protections apply
- No online networks unless pornography blocked





# Provider Relief Fund: Next \$20 Billion

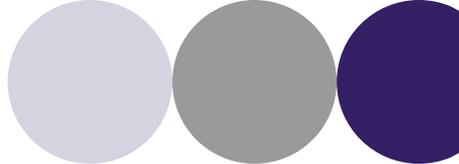
- *Estimate* of second-round distribution:
  - 2% of 2018 all-payer revenue – first-round distribution**
- Available only to those who received first-round PRF distribution
  - Excludes those with no Medicare FFS billings
- Requires attestation and application via HHS portal
  - 2018 gross receipts (all-payer revenue)
  - March and April 2020 lost revenue or increased expense (compared to 2019)
  - Most recent corporate tax returns



# My Second-Round Estimate Is Negative?!?

- Three factors
  - First round distribution: ~6.2% of 2019 Medicare FFS revenue
  - *Estimate* of total distribution: 2% of 2018 gross receipts
  - 🔑 March and April 2020 lost revenue or increased expense (compared to 2019)
- If March and April lost revenue or increased expense are
  - Greater than the first distribution: eligible for a second payment, apply through the portal
  - Less than the first distribution: return the entire first distribution, submit financial information through the portal, HHS will determine correct amount
- Recoupment only if payment > March/April lost revenue/increased expense
  - HHS reserves right to audit recipients

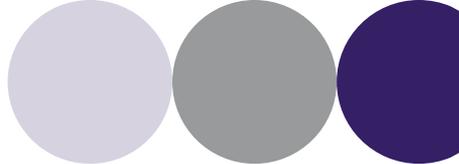




# PRF T&C Second \$20 Billion

- Deemed to have accepted T&C if funds retained w/o contacting HHS
- Eligibility, use of funds, prohibitions largely unchanged from first distribution
- Added to reporting requirement for all: 2018 general revenue data
- Public disclosure of PRF payments: may allow estimate of gross receipts





# How To Attest, Apply, Report

- Web portal for \$30 billion first distribution attestation:

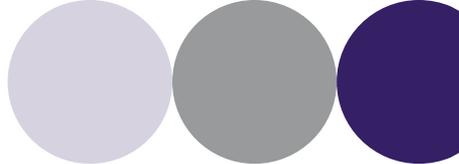
<https://covid19.linkhealth.com/#/step/1>

- Web portal to attest/apply for \$20 billion second distribution:

<https://covid19.linkhealth.com/docusign/#/step/1>

- United Health Group PRF Hotline: 866-569-3522
  - Questions about program
  - Report missing, under/over-payments; first distribution > 2% of 2018 all-payer revenue
  - Need to return the money – disagree with Terms and Conditions, ineligible

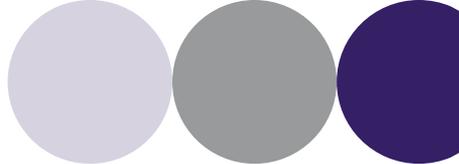




# Q&A

- ...received our advanced payment on April 4<sup>th</sup>. We have been seeing only urgent/emergent cases. We ... don't expect to be up to even near our capacity until at least July. Based on our calculations we cannot pay off the full amount by November from new claims. We received Round 1 of the Relief Grants. Can we use the Relief Grant to pay down some of the Advanced Payment?

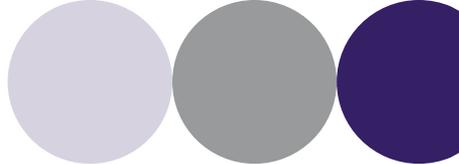




# Q&A

- What will happen if we applied for Round 2 before HHS made it more clear about whether or not the amount you received in Round 1 was more than the calculation used to determine Round 2 payments?
- Why is HHS using a different calculation for Round 2?

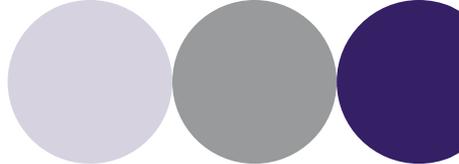




# Q&A

- I am an independent contractor who provides subspecialty care in a comprehensive ophthalmology practice; am I eligible for a portion of the practices Relief Grant that was received?

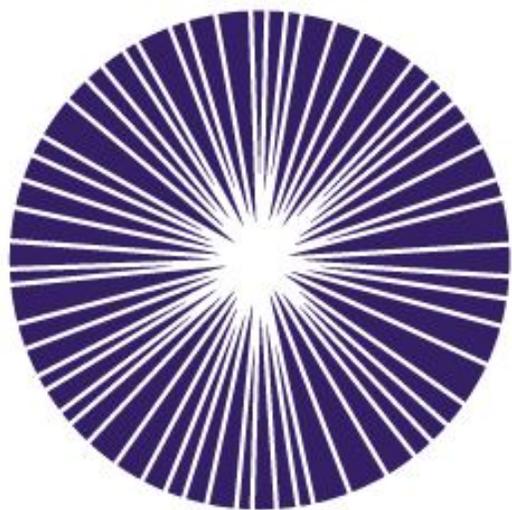




# Q&A

- During this Webinar submit questions through the Electronic Platform
- Submit additional questions to: [healthpolicy@aao.org](mailto:healthpolicy@aao.org)
- We continue to update Q&A with new/revised answers as we are able and as program details become clearer.





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