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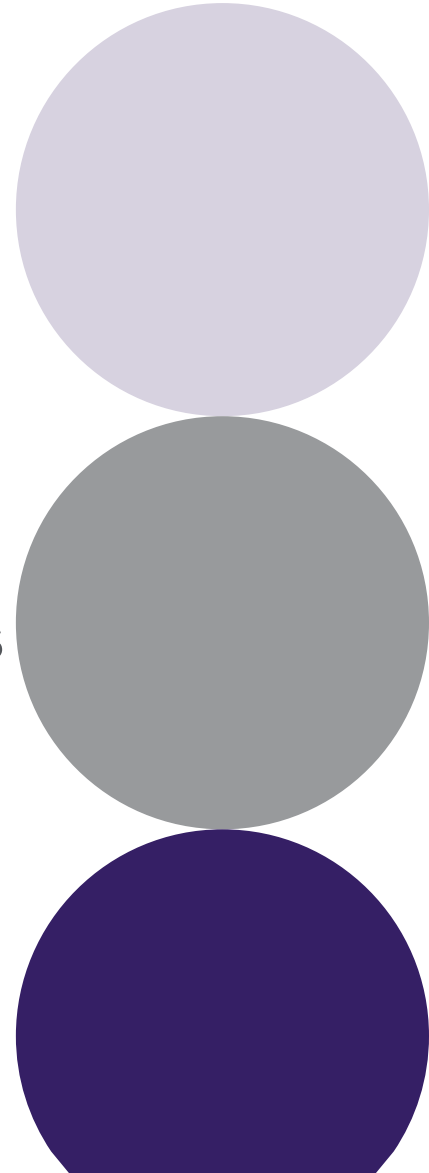
# COVID-19 Financial Practice Supports – PPP and EIDL

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# CARES Act Financial Relief Loans & Grants

- 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
  3. \$10K Economic Emergency Grant for those who apply for EIDL
  4. CMS Accelerated and Advance Payment Program
  5. CARES Act Provider Relief Funds

# Payroll Protection Plan and EIDL Loans and Grants

Scott Haber, AAO Manager of Federal Affairs & Public Health



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# Paycheck Protection Program (PPP)

- The PPP received \$350 Billion through the CARES Act
- The PPP loans are available through SBA-approved lenders, major banks, and others approved by Treasury/SBA.
- 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)



# Bank Delays, Troubled Roll Out

- Members have reported significant delays in applying for PPP loans through various banks
- Better experience for those using small/medium sized bank in community, especially if they already had existing lending relationship
- Reportedly around \$250B of the \$350B in funding has been approved, though that number does not reflect what has actually been issued to applicants
- Despite delays in funding PPP loans, it is very apparent that the program will need more funding from Congress



# Economic Injury Disaster Loans/Grants

- The CARES Act expanded EIDL's to provide financial assistance to small businesses impacted by COVID-19
- Borrowers applying for EIDL can request emergency \$10,000 grant
- Apply directly through SBA
- Not eligible for forgiveness
- Interest rate of up to 3.75%



# \$10K Emergency Advance Grant for EIDL

- Borrowers applying for EIDL can apply for up to \$2 million, including a \$10,000 advance grant.
- \$10,000 grant does not need to be repaid, even if EIDL applicant is denied (Special Rules Apply for those who also get PPP loan)
- This grant is supposed to be issued within 3 business days of applying for EIDL



# Issues Getting EIDL Approval & Funds

- Academy members have reported delays and slow funding of EIDL's
- Reports that EIDL applicants have still not received EIDL advance grant, despite promise of receiving within 3 days.
- The expanded EIDL program has been met with significant demand, which may limit total funds available to applicants to less than a maximum of \$2 million.



# Medicare Accelerated Payments and Relief Funds

Michael X. Repka, MD, MBA



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# CMS Accelerated and Advance Payment Program



- \$34B in advance payments to Hospitals and Physicians
- To assist in immediate cash flow needs
- Request from MACs – repay within 210 days from grant (recoupment or remittance)



# CARES Act Provider Relief Funds

- \$30 B to hospitals and providers
  - based on Medicare Part B Claims in 2019
- Support healthcare-related expenses or lost revenue attributable to COVID-19
- Automatic disbursement
  - April 10, 2020
- No repayment
- Paid on Taxpayer Identification Number
- Acceptance of the Terms and Conditions within 30 days or return funds



# Terms and Conditions: Records

- Reporting will be required to ensure compliance
- Details to be announced
- Recipients of >\$150,000 grants must report quarterly in greater detail

## What Counts

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

## What Doesn't Count

- Medicare advanced payments
- EIDL loans
- Unforgiven portions of PPP loans

**KEEP METICULOUS RECORDS**

**TRACK ALL OF THE MONEY**



# PPP Specifics

Michael J. Meehan, Partner, Fox Rothschild



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# 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.
- 3 things:
  - Use of Proceeds
  - Reductions in FTE Count
  - Reduction in Certain Employee Salaries



# Use of Proceeds

- 75% must be used for “Payroll costs”
  - salaries and wages (capped at \$100,000 on an annualized basis for each employee);
  - payments for vacation, parental, family, medical or sick leave;
  - severance payments;
  - payments required for the provision of group health care benefits, including insurance premiums;
  - retirement benefits; and
  - state and local taxes assessed on the compensation of employees.
- The remaining 25% can be spent on:
  - Interest (but not principal) on any debt or mortgage obligations that existed prior to Feb. 15, 2020.
  - Rent arising under a lease agreement (for both real and personal property) in force before Feb. 15, 2020.
  - Utility payments (including electricity, gas, water, transportation, telephone or internet access) for which service began before Feb. 15, 2020.





# Reduction in FTE

- If there has been a reduction in full-time equivalent employees, loan forgiveness is reduced by multiplying the amount of loan forgiveness by a fraction.
  - The **numerator** of the fraction is the average number of FTEs during the eight-week covered period.
  - The **denominator** of the fraction is either:
    - (a) the average number of FTEs of the borrower between Feb. 15, 2019 and June 30, 2019; **OR**
    - (b) the average number of FTEs of the borrower between Jan. 1, 2020 and Feb. 29, 2020
- Reductions in FTEs 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.





# Reduction in Salaries

- Only concerned about salaries of employees who made less than \$100,000 in annualized wages in 2019.
- *“The amount of loan forgiveness under this section shall be reduced by the amount of any reduction in total salary or wages of any employee described in subparagraph (B) during the covered period that is in excess of 25 percent of the total salary or wages of the employee during the most recent full quarter during which the employee was employed before the covered period.”*
- Reductions in 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 salary or wages of such employees.





# Q&A – The Panel

- During this Webinar submit questions through the Electronic platform Q+A function, not Chat.
- Submit other questions to [healthpolicy@aao.org](mailto:healthpolicy@aao.org)



# Common questions

- I've been having trouble getting a PPP loan through my bank, should I worry that the funds will run out?
- I have “successfully” applied for the PPP and my loan was approved. Can I delay disbursement?
- Can I apply for both an Economic Injury Disaster Loan (EIDL) and a loan through the Paycheck Protection Program?



# Scenario

- 25 employees prior to February 15<sup>th</sup>
- now 10 FTE due to layoffs
- we know we have till June 30<sup>th</sup> to rehire our employees back.
- If we rehire 10 FTEs in June, back to 20 employees before June 30<sup>th</sup>
  - qualify for 80% (20/25) forgiveness
- Do they need to have processed a payroll for the additional employees prior to June 30<sup>th</sup> or just having them start prior to June 30<sup>th</sup>?



# PPP Loan Forgiveness Questions

- What time period counts for maintaining compensation at 75% level when calculating forgiveness?
- What happens if I reduce everyone's salary to 50% or 25% for the 8 weeks, and restore them all to 75% by June 30?
- Can the money from payment protection loan be used towards paying mileage to employees and will that amount be eligible for forgiveness?



# Q&A

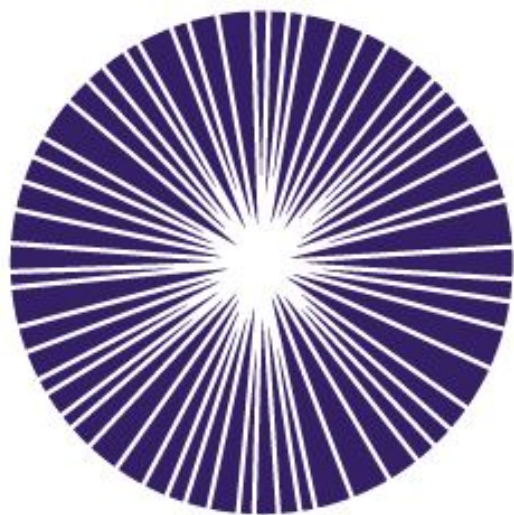
- During this Webinar submit questions through the Electronic platform
- Submit other questions to

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