



AMERICAN ACADEMY
OF OPHTHALMOLOGY®

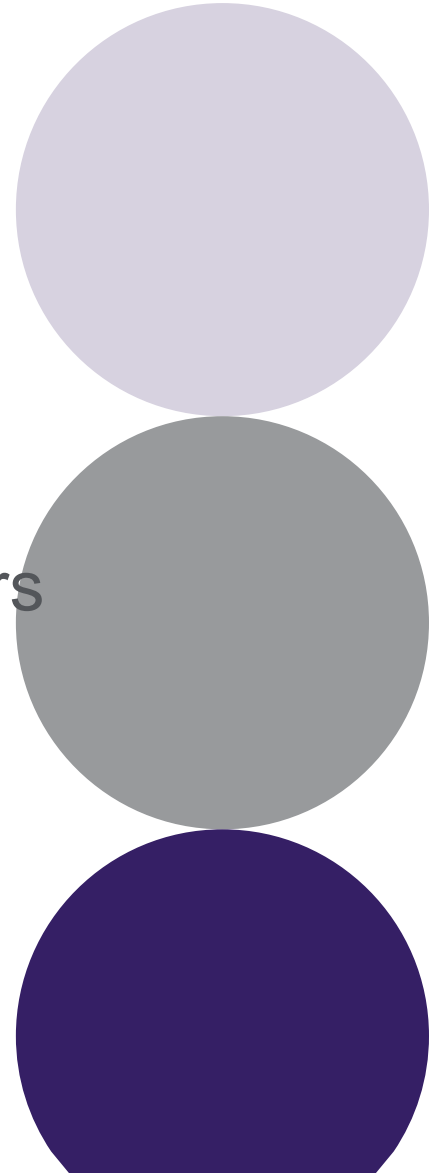
Protecting Sight. Empowering Lives.®

Update on COVID-19 Financial Relief

Michael X. Repka, MD, MBA, Med Director for Government Affairs
David B. Glasser, MD, Secretary for Federal Affairs
Scott Haber, AAO Manager for Federal Affairs and Public Health

Sponsored by Academy and AAOE®

June 16, 2020



Disclosure

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

- Use Q&A function for questions and comments
- Avoid using the Chat function





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
 - Periodic Updates
- 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 modify existing fact sheets.





CARES Act Financial Relief Loans & Advances

- The CARES Act created, expanded, and provided funding for financial relief programs that are available to ophthalmologists.
- Paycheck Protection Program
 - Rounds 1, 2 and Paycheck Protection Program Flexibility Act of 2020
- Economic Injury Disaster Loans - reopened
 - \$10K Economic Emergency Advance for those who apply for EIDL
- CMS Accelerated and Advance Payment Program
- CARES Act Provider Relief Funds
 - Rounds 1, 2 and 3



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 Actions on COVID-19



- **COVID Responses:**

- First two bills addressed the emergency/government response:
 - Nearly \$11 billion in emergency government funding
 - Access to telehealth services
 - Expanded paid and family medical leave benefits

- The CARES Act focused on:
 - Mitigating job losses
 - Assisting with negative economic impacts
 - > \$2 trillion in federal funding

- Interim Stimulus Package:
 - Replenished \$\$ for small business loan programs
 - Provided additional \$\$ for provider relief grants





Congressional Actions on COVID-19

- Paycheck Protection Program Flexibility Act - June 5, 2020
 - No new \$\$\$
 - Improvements to PPP
 - Provides forgiveness for expenses beyond the eight-week period to 24 weeks
 - Extends the rehiring deadline
 - Increases the limitation on non-payroll expenses (mortgage/rent and utility payments) for loan forgiveness from 25% to 40%
 - Extends program from June 30 to Dec. 31
 - Extends loan term from two to five years
 - Provides full access to payroll tax deferment for businesses that take PPP loans



Congressional Next Steps



- Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act:
 - \$3 trillion package of democratic priorities
 - Provides an additional \$100 million for provider relief funds
 - More restrictions on how HHS distributes \$\$\$
 - Improves the Medicare Accelerated and Advanced Payment program
 - Provides up to 1 year before claims are offset
 - Reduces the per claim recoupment amount from 100% to 25%
 - Extends the repayment period for physicians to two years
 - Reduces interest rates on post-repayment balances to 1%
 - Provides an additional \$10 billion for emergency Economic Injury Disaster Loan grants
 - Passed House by largely partisan vote
- Republican Senate leaders:
 - Acknowledge need for additional legislation
 - Want to evaluate what Congress has already done to determine what else is needed
 - Potential action targeted for end of July



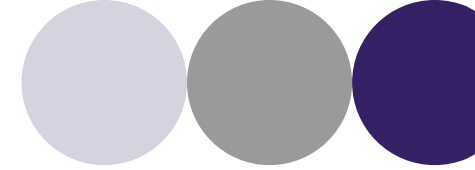
Assistance for Physician Practices



- Academy working with AMA, American College of Surgeons and other physician groups to secure additional assistance for practices
- Efforts continue to be focused on short and long-term practice needs



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 if needed



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



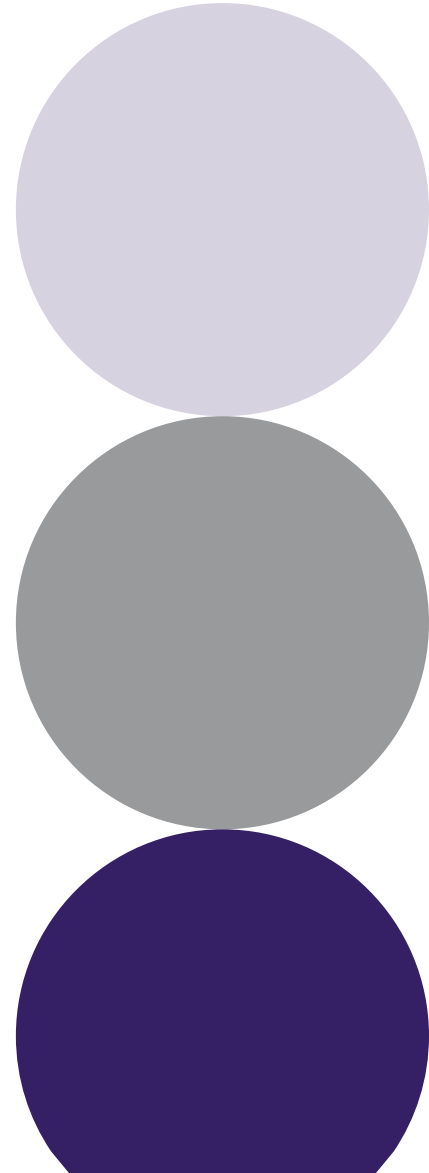


AMERICAN ACADEMY
OF OPHTHALMOLOGY®

Protecting Sight. Empowering Lives.®

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.
- Academy survey data shows an overwhelming % of respondents applied for these loans, with significant success in obtaining funds
- Latest estimates from Treasury/SBA have over \$100 billion remaining in the program
- **Last day to apply for a PPP loan is June 30th**





Applying for PPP Loan

- 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>





Payroll Protection Program Flexibility Act

- Passed on June 3rd
- Extended forgiveness for expenses beyond the eight-week period to 24 weeks and extending the rehiring deadline
- Increase in the current limitation on non-payroll expenses (rent, utility payments and mortgage interest) for loan forgiveness from 25% to 40%
- Changes definition of covered period from February 15th to June 30th to February 15th to December 31st
- Loan term extended from two to five years





Loan Forgiveness Changes

- The Loan Forgiveness “Covered Period” has been extended from 8 week to 24 weeks.
- Loan forgiveness covered period is now the 24-week period beginning on the date your loan was disbursed. **However, if your PPP loan was made before June 5, 2020, you may elect to have your loan forgiveness covered period remain at 8-weeks.**
- To receive full loan forgiveness, borrowers must use at least 60% of their PPP loan for payroll costs, and not more than 40% on non-payroll.
- Borrowers will still be eligible for partial forgiveness if they don’t use at least 60% of their loan on payroll.





Treasury Example of Partial Forgiveness

A borrower receives a \$100,000 PPP loan, and during the covered period the borrower spends \$54,000 (or 54 percent) of its loan on payroll costs, then because the borrower used less than 60 percent of its loan on payroll costs, the maximum amount of loan forgiveness the borrower may receive is \$90,000, with \$54,000 in payroll costs constituting 60 percent of the forgiveness amount and \$36,000 in nonpayroll costs constituting 40 percent of the forgiveness amount.





Seeking Loan Forgiveness

- According to Treasury Guidance, if borrowers submit to their lender a loan forgiveness application within 10 months after the end of their loan forgiveness covered period, no payments of principal or interest will be due on your loan before the date on which SBA remits your loan forgiveness amount on your loan to your lender.
- Your lender must notify you of remittance by SBA of the loan forgiveness amount and the date your first payment is due.
- Interest will accrue during the deferment period.





Example:

- if a borrower's PPP loan is disbursed on June 25, 2020, the 24-week period ends on December 10, 2020. If the borrower does not submit a loan forgiveness application to its lender by October 10, 2021, the borrower must begin making payments on or after October 10, 2021.





Changes to Loan Maturity

- For loans made prior to June 5th, loan maturity remains two years. However, borrowers and lenders may mutually agree to extend the maturity of these loans to five years. For loans made after June 5th, the loan maturity is five years.
- If you would like to extend the maturity of your loan, reach out directly to your lender to see if an agreement on extending can be made.



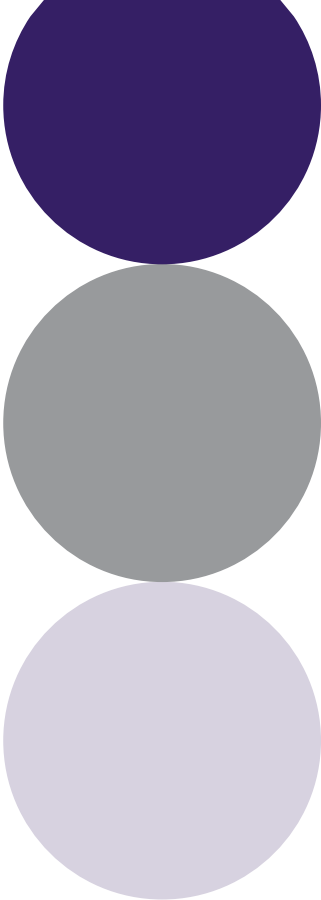
CMS Provider Relief Funds

David Glasser, MD
Secretary for Federal Affairs



AMERICAN ACADEMY
OF OPHTHALMOLOGY®

Protecting Sight. Empowering Lives.®



Provider Relief Fund: First \$30 Billion General Distribution



- Portion of CARES Act allocated to hospitals, healthcare providers
- Eligibility: almost all providers, facilities with 2019 Medicare FFS payments
 - No application required: payment was automatic
 - Attestation, acceptance of T&C through HHS portal required within 90 days of receipt
 - 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 went 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
- CMS used Part B payment data – more concerned with speed than accuracy
- AAO advocated for more inclusive process. HHS and Congress responded:
 - Provider Relief Payments are a small part of the relief program
 - Second round of PRF General Distribution based on all-payer revenue, not just Medicare
 - Targeted PRF distributions for Medicaid, CHIP providers launched June 10



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 = provider (individual or entity) that 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 by other sources. Examples:
 - Part B drugs (Medicare pays); PPE and cleaning costs (if patients charged separately for these)
 - 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 TBD.
- 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

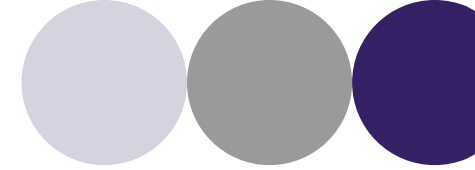
What Doesn't Count

- 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 General Distribution



- **Estimate: 2% of 2018 all-payer revenue minus first-round distribution**
- Designed to “true-up” distribution to those with minimal Medicare billings
 - Available only to those who received some first-round PRF distribution
 - Excludes those with no Medicare FFS billings
- Required attestation and application via HHS portal by June 3
 - 2018 gross receipts (all-payer revenue)
 - March and April 2020 lost revenue or increased expense (compared to 2019)
 - Most recent corporate tax returns
 - List of TINs of subsidiary PRF recipients that do not file separate tax returns
- Distributions intended within 10 days of application: delays, resubmissions



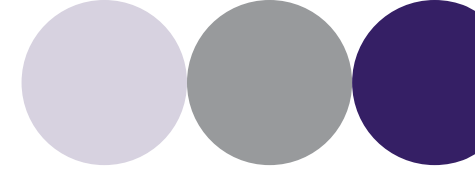


My Second-Round Estimate Is Negative?!?

- 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
- HHS asks unused PRF money to be returned voluntarily
 - Reserves right to audit recipients, demand return of inappropriately used funds



PRF T&C: Next \$20 Billion General Distribution



- 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
- Deemed to have accepted T&C if funds retained w/o contacting HHS





Targeted PRF: \$15 Billion Distribution

- Targeting Medicaid and CHIP providers, portal opened June 10
- Six eligibility criteria:
 1. No payment from PRF General Distribution
 2. Billed or own a subsidiary that billed Medicaid in 2018 or 2019
 3. Filed a tax return for 2017, 2018, or 2019 (or be exempt from filing)
 4. Provided patient care after January 31, 2020
 5. Have not *permanently* ceased providing patient care
 6. Individuals: gross receipts from providing care on 1040 or Schedule C, excluding W-2
- Application deadline: July 20, 2020





Attest, Apply, Report, Obtain Information

- Landing page with links to all PRF portals, application instructions:

<https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/for-providers/index.html>

- HHS PRF FAQ (updated frequently):

<https://www.hhs.gov/sites/default/files/provider-relief-fund-general-distribution-faqs.pdf>

- United Health Group PRF Hotline: 866-569-3522

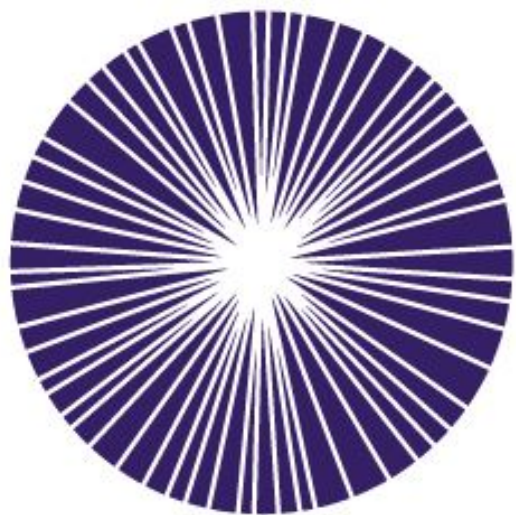




Q&A

- During this Webinar submit questions through the Electronic Platform
- Submit additional questions to: healthpolicy@aao.org
- We continue to update Q&A with new/revised answers as we are able and as program details become clearer or change due to new regulations or legislation.





AMERICAN ACADEMY
OF OPHTHALMOLOGY®

Protecting Sight. Empowering Lives.