

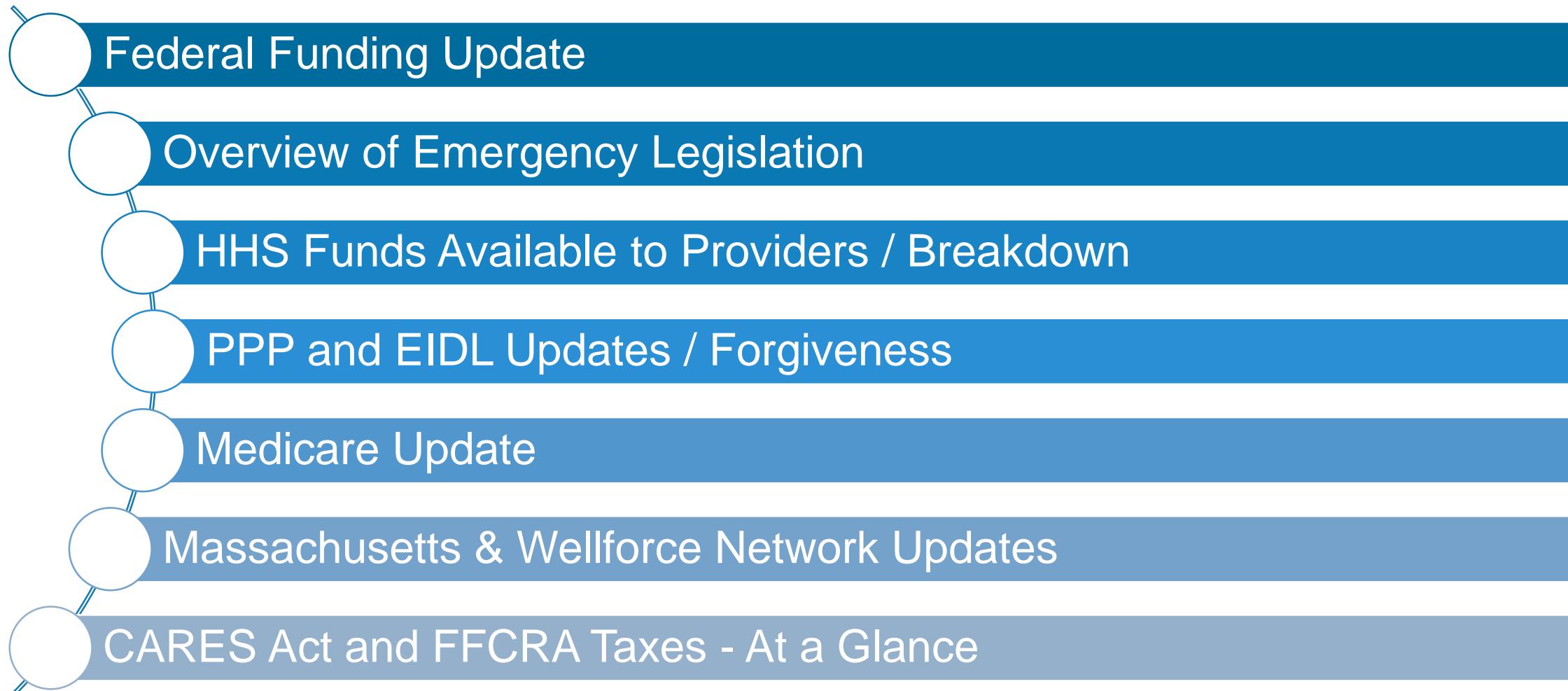
Economic Sustainability Strategy Session

Questions and Answers

May 6, 2020

5:00 - 6:00

Agenda



Congressional Considerations

Will there be another round of Stimulus Funding?



- Discussions have already begun on a “Phase 4” stimulus bill – House will be working toward a May bill (Senate skeptical of this timeframe)
- The House voted on April 30th, to establish a new investigative committee to monitor implementation of the nearly \$3 trillion in coronavirus relief measures
 - *Will it help or hinder progress toward another round of funding?*
- House and Senate Republicans also seem open to the discussion of a Phase 4 (and potentially Phase 5) piece of stimulus legislation, but have prioritized implementing the CARES Act fully before next steps are taken

Overview of Emergency Legislation Passed to Date



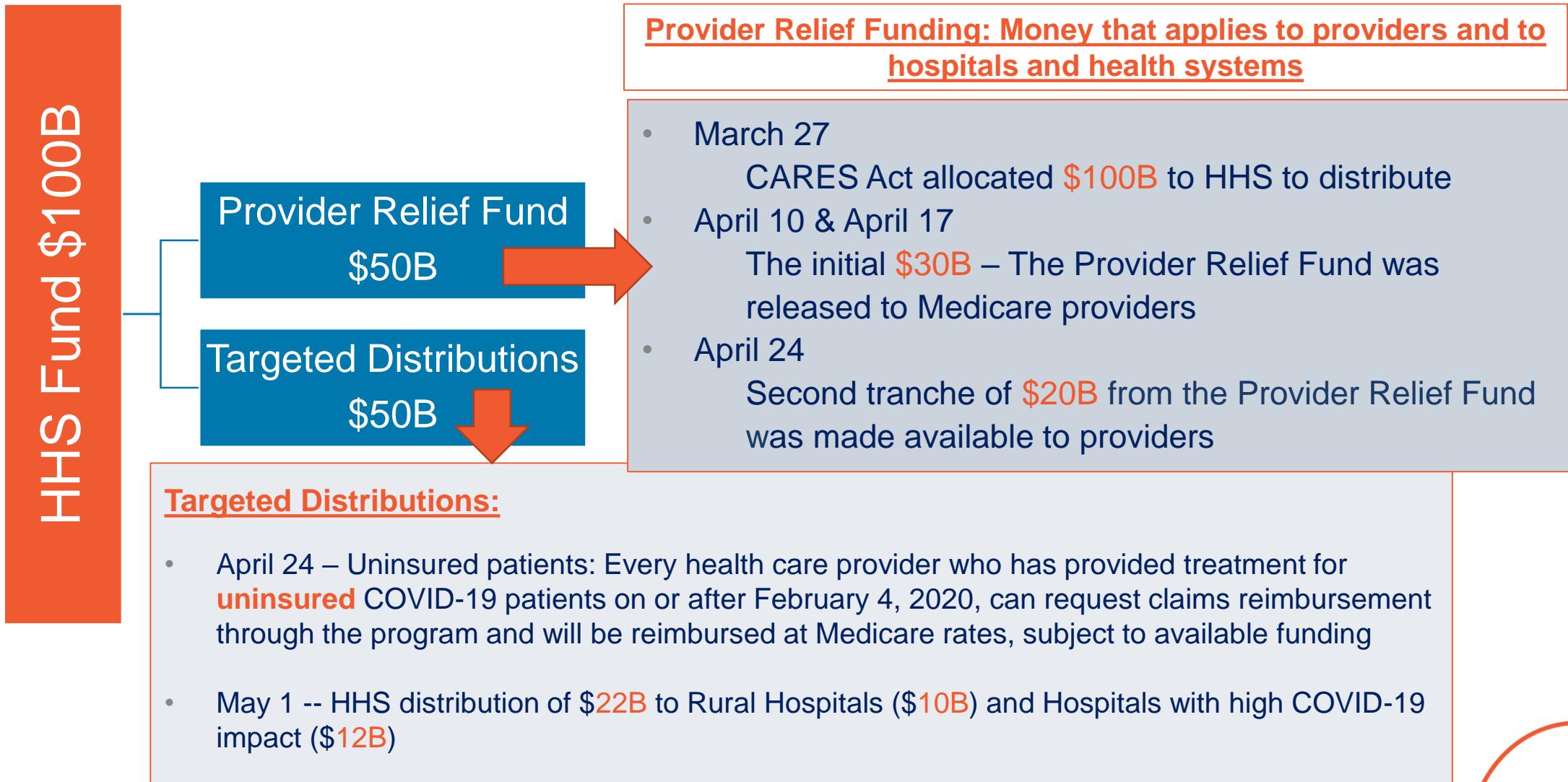
Date	Legislation
March 6	Coronavirus Preparedness and Response Supplemental Appropriations Act
March 10 (Effective April 2)	Families First Coronavirus Response Act ("FFCRA")
March 27	Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")
April 24	Paycheck Protection Program and Health Care Enhancement ("PPP & HCE Act")



*The \$75 billion, is in addition to the \$100 billion included as part of the March COVID-19 package, to reimburse eligible health care providers for health care-related expenses or lost revenues not otherwise reimbursed that are directly attributable to COVID-19.

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HHS Funds Available to Providers

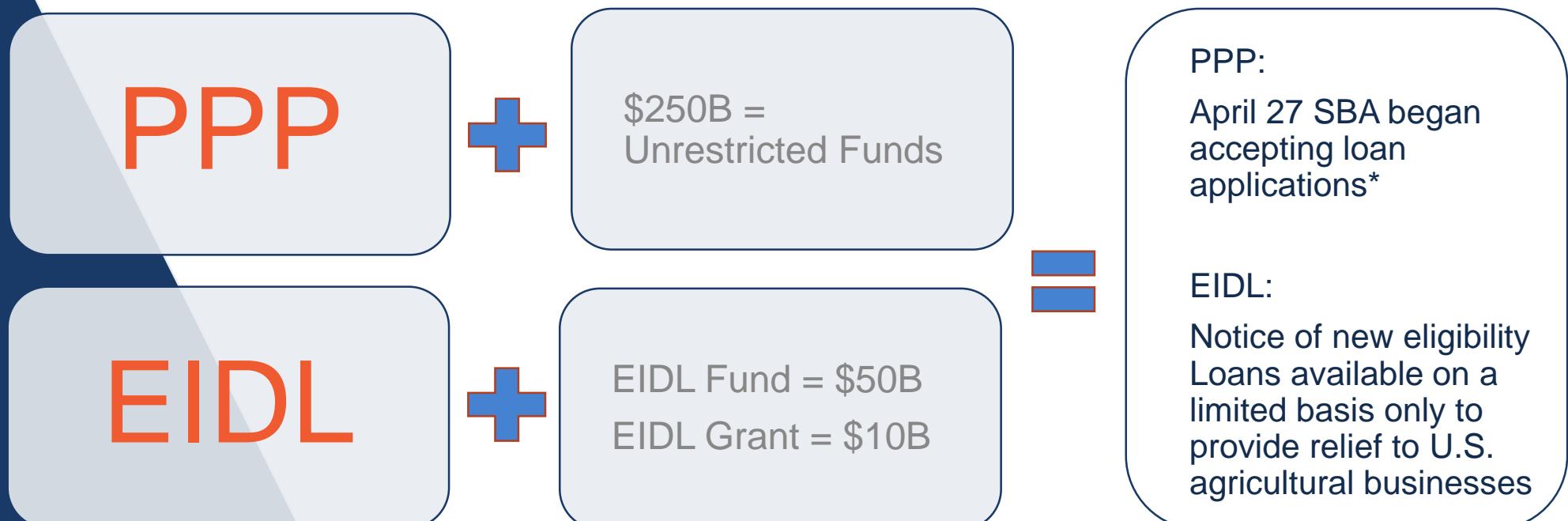


Breakdown of the HHS Funding to Date

Fund	Allocation	Amount	Date
Provider Relief Fund*	General Distribution	\$50 (\$30B initial + \$20B second allotment)	April 10, April 17, & April 24 on a rolling basis
Targeted Distribution	Hospitals Disproportionately impacted	\$10B	April 25 deadline (WF hospitals applied)
Targeted Distribution	Rural Providers	\$10B	April 24 (announced) May 1 (dispersed)
Targeted Distribution	Indian Health Service	\$400M	April 24
Targeted Distribution	Reimbursement to providers for treating uninsured patients	“portion of the funding” from HHS Provider Relief Fund & \$2B from FFCRA & PPP HCE	Registration April 27 Training started April 29 Claims submission starts May 6
Targeted Distribution	Other providers including SNFs, dentists and providers that solely take Medicaid	These providers “will receive further, separate funding”	Unspecified

*Providers across Wellforce *may* be eligible to access these funds

Paycheck Protection Program and Health Care Enhancement Act – April 24, 2020



*New applications may have slightly different requirements -- priority to previously submitted apps

((new))

PPP Allowable Uses

PPP loan proceeds may be used for:

- Payroll costs;
- Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;
- Employee salaries, commissions, or similar compensations;
- Payments of interest on any mortgage (but not prepayment of or payment of principal);
- Rent (including under a lease agreement);
- Utilities; and
- Interest on any other debt obligations incurred before 2/15/20.

Borrowers are required to use at least 75% of PPP loan proceeds for payroll costs

Payroll costs do not include:

- (i) Cash compensation (exclusive of non-cash benefits) of any individual employee in excess of an annual salary of \$100,000, as prorated for the covered period;
- (ii) Federal income taxes imposed or withheld under chapters 21, 22, or 24 of the Internal Revenue Code of 1986 during the covered period (includes Federal Insurance Contributions Act and Railroad Retirement Act taxes and income taxes required to be withheld from employees); and
- (iii) Qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act.

PPP Small Business Loan

Resources from the Wellforce Private Practice Financial Sustainability Work Group



I have submitted my PPP Small Business Loan Application – What's Next?

Application & Distribution of Funding	Documentation of Loan Expenses	Loan Forgiveness (Not Automatic)
Submitted application and received funding <ul style="list-style-type: none">Look to documentation and forgiveness columns	<ul style="list-style-type: none">Lenders are better able to forgive your PPP loan if you spend 100% of the funds on payroll, mortgage interest, rent, and utilities in the eight (8) weeks after receiving the loan.You <i>must</i> spend at least 75% on payroll.The other 25% can be divided among rent, utilities, and mortgage interest payments.You must keep detailed records of how you spent the money for your lender.	<ul style="list-style-type: none">Generally speaking, your PPP loan will be eligible for forgiveness for the allowable expenses if your loans are:<ol style="list-style-type: none">used for intended purpose (exclusively)used to offset no more than 8 weeks of eligible expenses; andyou maintain your employees at wages comparable to before the COVID-19 crisisYou may apply for forgiveness through your lender at the end of the eight (8) weeks.Your lender will supply the application that you will need to complete.
Submitted application but did not receive funding Happy with your bank: <ul style="list-style-type: none">Ensure your bank confirms you have submitted all required documentation Not happy with your bank: <ul style="list-style-type: none">Find a new bank that will take new customers for this purpose and has good reputation to submit application. Recommendation: Leader Bank and Enterprise Bank <ul style="list-style-type: none">Contact bank used for original application and request to withdraw your application		

KEY TAKEAWAYS:

Application & Distribution of Funding	Contact your lender to learn if any action is required on your application. If you plan to file do so at your earliest convenience
Documentation of Loan Expenses	Contact your lender to learn what documentation they will need when you apply for forgiveness – use the response to this question to develop your documentation methodology.
Loan	Determine your "normal course of business;" start using your loan proceeds as soon as you get them; document all expenses; and cure any employee

Consult your lender, your financial advisor, and/or your attorney to determine the best strategies for you and your business.

Under the direction of Dr. Michael Wagner, Chief Physician Executive at Wellforce, the Private Practice Financial Sustainability Work Group is focused on supporting Wellforce providers during the unprecedented COVID-19 outbreak. More information is available by visiting Wellforce.org.

Forgiveness Eligible Uses:

- The loan proceeds that qualify for forgiveness are a subset of the universe of allowable uses
- The loan may be forgivable only to the extent that it is used for the following expenses: **payroll costs, interest payments on mortgages (real estate or personal property) existing before 2/15/20, rent under leases in place before 2/15/20, and payments for utilities for which service began before 2/15/20**
- In each case, the expense must be incurred and made during the initial 8 weeks after the date the lender makes the first disbursement of the PPP loan
- Not more than 25% of the forgiven amount can be attributable to non-payroll costs**

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PPP Compliance is Essential

A special inspector general for pandemic recovery will be named and his/her team will make **enforcement** a key priority by conducting investigations into the practices of those companies that receive government loans

On April 28, 2020, Secretary of the Treasury Steven Mnuchin announced that recipients of PPP loans in **excess of \$2 million** will be **audited** by the SBA

SBA “will **review** all loans in excess of \$2 million, in **addition to other loans as appropriate**, following the lender’s submission of the borrower’s loan forgiveness application”

Key Considerations

Work with an expert

Establish appropriate compliance systems

Document everything

Medicare Update

CMS released an interim final rule, finalized several new policies related to telemedicine and published a second wave of waivers

New Telemedicine Flexibilities

Highlights include:

- Establishes higher payments for certain telephone E&M codes (policy)
- Allows use of audio-only equipment to furnish services described by the codes for audio-only telephone E&M services, behavioral health counseling, and educational services (waiver)
- Expands the types of healthcare professionals that can furnish telehealth services (waiver)

Massachusetts Update

- **Governor's Initiatives:**

- On Friday, May 1, Governor Baker announced a new order requiring people to wear masks in stores, on public transit and in taxis, and in indoor and outdoor public spaces where they can't stay six feet away from others. The order takes effect Wednesday.
- Phased Re-opening: Baker cited the importance of seeing two continuous weeks of encouraging patterns before advancing the reopening initiative. Economic activity is poised to remain closed at least until the May 18 deadline for a panel to submit its recommendations for a phased reopening

- **PPE Update:**

- Massachusetts and six other states are banding together to form a regional consortium to jointly find and purchase personal protective equipment, COVID-19 tests, ventilators and other medical equipment. Massachusetts is joining forces with New York, New Jersey, Delaware, Pennsylvania, Connecticut and Rhode Island in the effort.
- Continue to partner with the federal government
- Identify the entire region's needs for these products, aggregate demand among the states, reduce costs and stabilize the supply chain
- Coordinate policies regarding the inventory of PPE each state's health care infrastructure
- Gov. Baker has repeatedly said the state needs to continue to ramp up its testing capacity and that the hunt for PPE will be a constant function of state government for the duration of the pandemic.

- **Contact Tracing Program (first in the nation)**

- Purpose of the program: State officials to identify, isolate, and support COVID-19 patients and alert people that they have been in contact with so officials can better contain the virus

Wellforce Network Updates

Contact Tracing

- The State of MA has contracted with Partners in Health (PIH) to manage the contact tracing (“Community Tracing Collaborative”) as part of the plan to better understand the extent of the COVID pandemic
- Wellforce has been approached to gather information to assist PIH in the establishment of referral pathways for patients identified through contact tracing in need of medical evaluation and/or testing

Personal Protective Equipment (PPE)

- Wellforce is developing a standard PPE package that we anticipate will be available to practices shortly. It will include procedure masks, face shields and hand sanitizer.
- Many practices have received PPE from DPH over the last few weeks, we encourage practices to continue to request supplies from DPH, in addition to their current distributors
- Entities across Wellforce surveyed providers to learn current inventory of gloves, goggles, gowns and the need for procedural masks, face shields and hand sanitizer
- More details forthcoming later this week on the cost and process for ordering from WF

CARES Act and FFCRA Taxes - At a Glance

Employee Retention Tax Credit ("ERT Credit")

- CARES Act § 2301
- Tax credit for 50% of eligible wages (up to \$5,000 per employee)
- Covered Period: Wages paid between March 12, 2020 and January 1, 2021
- Ineligible if employer received a loan under PPP

Deferral of Employer Payroll Taxes

- CARES Act § 2302
- Deferral of employer's portion of the 6.2% FICA tax from March 27, 2020 to December 31, 2022
- 50% of such deferred amount must be paid by December 31, 2021 and the remaining 50% by December 31, 2022
- Ineligible if employer had loan forgiveness under PPP; okay to get PPP, just can't get forgiveness

Payroll Tax Credit for Paid Sick, Family, and Medical Leave ("Leave Tax Credit")

- FFCRA §§ 7001 and 7003
- Tax credit for wages required to be paid under the sick leave and/or family and medical ("FML") leave rules
- Covered Period: wages paid between April 1, 2020 and December 31, 2020
- Self-employed individuals are also eligible

Consult your lender, your financial advisor, and/or your attorney to determine the best strategies for you and your business.