

Private Practice Recession Survival Guide

How to weather the COVID-19 led recession of 2020

Presented by Nate Gagne

Chief Financial Officer, NEQCA

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A program of the
Wellforce Private Practice Financial Sustainability Work Group
Dr. Michael Wagner, Chief Physician Executive



Featured Speaker



Chief Financial Officer

Nathan Gagne | MBA

Nate Gagne is chief financial officer for New England Quality Care Alliance (NEQCA). He is accountable for the performance of NEQCA's accounting, finance and information technology departments.

Since joining NEQCA in 2012, Nate has successfully improved and streamlined the reporting and analytics used for monthly meetings, Board of Trustee meetings, and Finance Committee meetings. He also led the implementation of an integrated billing system, payroll system, and budgeting system.

Nate has more than 20 years of progressive experience in finance and information technology management and 15 years within the healthcare industry. Prior to working at NEQCA, he was the Director of Financial Systems at Tufts Medical Center, where he worked for 5 years.

Nate earned his undergraduate degree in Finance and Accounting from Bentley University and his Masters of Business Administration from Babson College.

Other Program Participants



Caryl Beison
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Agenda

- Best Business Practices
- COVID-19 Financial Game Plan
- CARES Act Overview
- Expanded Family and Medical Leave Act Benefits
- Unemployment Benefits Independent Contractors, Self Employed
- Incentives for Maintaining Payroll
- Social Security Tax Deferment
- Relaxed Net Operating Loss Rules
- Extension of Time To File and Pay 2019 Taxes
- Expansion of CMS Accelerated and Advance Payments Program
- Three Steps To Take Right Now

Business Best Practices

1

Take the long view, don't be reactive

2

Stay open to new lines of business

3

Capitalize on your assets (inventory, real estate, receivables, cash, etc.)

4

Offload your high interest debt / Work with your lenders

5

Understand where your money is going

COVID-19 Financial Game Plan

1

Check your insurance coverage

2

Implement an emergency budget

3

Get a low-interest loan and consider refinancing

4

Proactively communicate with lenders and vendors

5

Check out state-wide and federal assistance programs

CARES Act Highlights

The Coronavirus Aid, Relief, and Economic Security Act

- **Expanded Family and Medical Leave Act** benefits for employees who are unable to work due to COVID-19
- **Expanding unemployment benefits** for small business owners, self-employed individuals and gig workers
- **Forgivable loans and tax credits** for business that keep their employees for the duration of the crisis (Paycheck Protection Program)
- **Deferment** of an employer's 6.2% share of **Social Security taxes** based on employee wages
- **Expanded write-offs** for improving property for retailers, restaurants, and hotels
- **Excise Taxes** on Alcohol for Distilleries
- **Option to carry back net operating losses** to offset taxable income in prior years
- **Extension** of time to **file and pay 2019 taxes**

Expanded Family and Medical Leave Act Benefits

The federal government expanded Family and Medical Leave Act (FMLA) benefits to employees who are unable to work due to the COVID-19 crisis.

Employees sick or quarantined due to COVID-19 can receive up to two weeks (80 hours) of paid leave at 100% of their salary. The employer will receive a payroll tax credit for that paid leave, up to \$511 per day, for a total of 10 days.

Employees caregiving for someone impacted by COVID-19 can receive up to two weeks (80 hours) of paid leave. The employer must pay the employee two-thirds of the person's regular pay. The employer will receive a payroll tax credit for two-thirds of the employee's wages, up to \$200 per day for a total of 10 days. Employees who have worked for the employer for at least 30 days may also receive an additional 10 weeks of paid leave if they're unable to work because their child's school or child care provider is closed or unavailable. The payroll tax credit can be claimed quarterly. For self-employed people, there will be a tax credit equal to the sick leave amount.

This applies to businesses with fewer than 500 employees. However, small businesses with fewer than 50 employees may qualify for an exemption if leave requirements would jeopardize the business.

Unemployment Benefits for Independent Contractors and Self-Employed People

The rescue plan significantly expanded unemployment by giving jobless workers an extra \$600 a week for four months on top of their state benefits and extending benefits by 13 weeks. Currently, state unemployment checks last up to between 12 weeks and 28 weeks, depending on the state.

This includes self-employed people, independent contractors, and gig workers, who typically don't qualify for traditional unemployment benefits.

This could mean that certain low-wage earners could earn more money being unemployed during this four-month period than they would make if they were employed. If a strategy was employed to lay-off low-wage earners, this could impact the amount of loan forgiveness if coupled with a strategy to take advantage of the Paycheck Protection Program loan forgiveness.

Incentives for Maintaining Payroll

One of the measures in the bill is the *Paycheck Protection Program*

This is a nearly \$350-billion program intended to provide American small businesses with eight weeks of cash-flow assistance through 100 percent federally guaranteed loans.

Program Highlights

- **First come, first serve! Applications are accepted starting April 3, 2020.**
- There is no cost to apply.
- The funding is meant to help retain workers, maintain payroll, and cover rent/mortgage/utility expenses.
- The loan is for covered expenses incurred within 8 weeks of loan origination (in affect until June 30 2020)
- The loan can be forgiven and essentially turned into a non-taxable grant.

As there are many details in this section of the bill, a Frequently Asked Questions fact sheet has been developed specific to the Paycheck Protection Program that includes:

- How to qualify for the program
- Similarities and differences between SBA Disaster Loans and Paycheck Protection Program
- What the funds can be used for and how much can be obtained
- Loan-forgiveness terms and documentation required

Social Security Tax Deferment

- Employers may defer the 6.2% tax that is used to fund Social Security.
- Employers still need to collect the worker's share of Social Security and Medicare taxes and pass them on to the IRS. The employer's share of Medicare tax would still be due as usual.
- Employers have to pay the deferred Social Security tax over the following two years: half by December 31, 2021, and the other half by December 31, 2022.

Relaxed Net Operating Loss Rules

When a company's tax deductions are greater than its taxable income, the result is a Net Operation Loss (NOL). A business can generally use an NOL to lower its taxable income in another tax year.

Prior to the Tax Cuts and Jobs Act (TCJA), businesses could use a NOL by amending their tax returns for up to two years prior. Or, instead of carrying the loss back, a business could apply an NOL on up to 20 future tax returns.

The TCJA ended the option to carry NOLs back two years and added a rule that allows limiting the amount of taxable income that could be offset by an NOL.

The relief bill loosens some of these limitations by allowing taxpayers to carry net operating losses from 2018, 2019, and 2020 back five years. It also removed the limit on any carryovers from 2018 and 2019 tax returns.

Extension of Time to File and Pay 2019 Taxes

The April 15 deadline for filing 2019 federal income tax returns has been pushed back 90 days, to July 15, 2020. That's also the new deadline to pay federal tax payments that would usually have been due on April 15, 2020. This includes any balance of federal income tax, self-employment tax owing for 2019 returns. Taxpayers don't have to file an extension by April 15, 2020, to take advantage of the extra time.

If you need more time than that, you can request an extension. This gives you until October 15th to file a return. You'll still have to pay any amount you owe by July 15, 2020. Otherwise, you'll owe late payment penalties and interest.

That extension applies only to income and self-employment taxes. It doesn't extend the due dates for any other type of federal tax, such as payroll or excise taxes.

If you owe back taxes, the IRS announced they will limit collection activities during the COVID-19 crisis.

Expansion of the CMS Accelerated and Advance Payments Program

The Centers for Medicare and Medicaid Services (CMS) have expanded the current Accelerated and Advance Payment Program to a broader group of Medicare Part A providers and Part B suppliers in order to increase cash flow to providers of services and suppliers impacted by the Coronavirus (COVID-19) pandemic.

An accelerated/advance payment is a payment intended to provide necessary funds when there is a disruption in claims submission and/or claims processing.

CMS is authorized to provide accelerated or advance payments during the period of the public health emergency to any Medicare provider/supplier who submits a request to the appropriate Medicare Administrative Contractor (MAC) and meets the required qualifications.

Providers can request up to 100% of their quarterly Medicare payment amount. If the request is accepted, payment can be expected within 7 days and repayment of this advance will occur 120 days after the date of issuance of the payment with CMS retaining all claims submitted for payment to offset this pre-payment.

3 Steps To Take Right Now

1

Get Prepared!

- Head to <https://www.negca.org/Newsroom/COVID-19> for PPP loan info and application
- Talk to your Accountant/Financial Advisor
- Gather financial information needed for application

2

Rekindle / Form New Banking Relationships

- Participating banks can start to take applications TODAY, APRIL 3, 2020
- First Come, First Served
- There is a good chance that Banks will prioritize their current clients for the processing of these loans.

3

Submit a Completed Request Form to CMS for Advance Payment

- Read up on the Expansion of the CMS Accelerated and Advance Payments Program.
- Complete request form and submit to your Medicare Administrative Contractor (MAC)

For more information

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Please visit neqca.org to view the webinar featuring this presentation, as well as other resources to sustain Private Medical Practices



The screenshot shows the NEQCA website with a navigation bar at the top containing 'ABOUT NEQCA', 'PROGRAMS & SERVICES', 'NEWSROOM', and 'CAREERS'. The main heading is 'HELPFUL COVID-19 INFORMATION'. Below this is a 3D model of a coronavirus particle. The text states it was last updated on 4/2/2020 and mentions collaboration with Tufts Medical Children. It lists resources such as 'Coronavirus Self-Checkers: Do You Need Medical Care', 'CDC Self-Checker', and 'Buoy Self-Checker'. A section titled 'PROGRAMS FOR OUR NETWORK' lists a 'COVID-19 Clinical Q&A' session on Thursday, 4/2, from 5:30-6:30 p.m., and 'Wellbeing Resources for Clinicians'. Other programs include 'Physician Income Opportunity by Joining AmWell National Telehealth Provider Group' and 'Insights Into The CARES Act: Employer and Employment Considerations, Presented by Nixon Peabody'. A 'Private Practice Recession Survival Guide' is also mentioned, presented by Nate Gagne, NEQCA CFO, on April 3, 2020. A separate box on the right highlights 'MEDICAL PRACTICE SUSTAINABILITY' resources, including 'Disaster Loan Applications: US Small Business Administration', 'COVID-19: Small Business Guidance & Loan Resources', 'Combating the Coronavirus: Resources from the US Chamber of Commerce', 'Small Business Resources in Response to Coronavirus: National Federation of Independent Businesses', 'Employers' Guide To COVID-19: Associated Industries of Massachusetts', 'Coronavirus Emergency Loans: Small Business Guide and Checklist', 'Petition Congress for MD Practice Economic Relief', 'CARES Act US Chamber of Commerce Fact Sheet', and 'Massachusetts Medical Society - Practice Management Guide'.



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