

*All guidance below is our best knowledge as of April 3, 2020—information is changing daily. Please continue to follow updates to the legislation and contact your lender or accountant for more detailed questions. If your question is not addressed below, please follow up with your market leader and we will try to help you find an answer.*

## MEDICARE ADVANCE

- **Do we know the cash advance limit from Medicare?**  
The cash advance is for a maximum of three months of Medicare payments, based on historical performance.
- **Is there a deadline from CMS to ask for an advance?**  
There is no specific date indicated, but the program is only valid during the period of the COVID-19 emergency. Our general recommendation would be to apply sooner than later for this program.
- **Does the advance of Medicare receivables include the Medicare Advantage program?**  
No, not at this time. We may see additional guidance from commercial payors on Medicare Advantage or we may see this even from CMS.
- **Can we apply for advanced Medicare payments and PPP or either or?**  
Yes, you can apply for both.
- **Is there any need to get Medicare advance payment if PPP goes through?**  
This depends on the financial needs of your practice. As a reminder, the Medicare advance will be offset in future months – decreasing your revenue.
- **Will the advance be taxed as income—e.g. let's say I get it in April is it taxed as income in April?**  
Unclear from current legislation.

## PPP

- **How do I apply?**  
First, fill out the loan application located on the SBA website. Then work with a lender who works with SBA loans and is taking the PPP.
- **How much can I borrow**  
Loans can be up to 2.5x your monthly payroll for an eight-week period not exceeding \$10 million. You can calculate your monthly payroll costs incurred during the one-year period before the date of the loan to find out what this number would be.
- **Regarding the loan forgiveness amount:**
  - **Is there a limit on compensation?** The forgiveness amount is capped at \$100,000 per employee (annually).
  - **Is it gross pay or after deductions?** Unclear, but this is a good question for your lender.

- **Is it only for W2 employees?** No, you can include all elements of your payroll (taxes, benefits, etc.) and you can include workforce members whether they are W2, 1099 etc. If you have physician owners who are not compensated as W2 employees, they are also included. Part time employees are also included.
- **What does payroll include?**
  - payments of any compensation with respect to employees that is a salary, wage, commission, or similar compensation,
  - payment for vacation, parental, family, medical, or sick leave,
  - payment required for the provisions of group health care benefits, including insurance premiums, payment of any retirement benefit;
  - payment of State or local tax assessed on the compensation of employees; and
  - Payment to a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, (up to \$100,000 /yr prorated for the period)
  - *Once you receive the loan, you may use the amount for things such as mortgage obligation, rent on a leasing agreement and utilities (electricity, gas, water, transportation, and internet), but the definition of payroll items above are how they calculate your total loan.*
- **Does the payroll calculation include the employer's portion for Medicare and Social Security tax?**  
Payroll taxes and income taxes are excluded from payroll costs.
- **Will I be required to show actual payroll?**  
Yes, you will be required to show your historical spend on payroll over the previous 12 months to get the loan and the total amount you spent on payroll costs using the loan.
- **Will I have to pay interest on the loan if it is forgiven?**  
No, if you spend the entire payment of the loan on qualified list of items there will not be any interest on your loan.
- **If employees are retained, can hours be decreased by 20%?**  
Yes, however if you reduce your total payroll costs it could impact your loan forgiveness.
- **If I get PPP loan money, do I need to rehire one employee right away or can I wait until closer to June 30?**  
Reduction in employment of wages that occur during the period beginning on February 15, 2020 and ending 30 days after enactment of the CARES act shall not reduce the amount of loan forgiveness if by June 30, 2020 the borrower eliminates the reduction in employees or reduction in wages.
- **Can I use the PPP loan for my mortgage/rent, utilities, EMR, billing services?**  
Yes, you can use the loan for other defined expenses – however 75% of the total amount of the loan must be used for only payroll expenses as defined above.

- **Is there a chance a practice could get the loan and then not get the forgiveness because of some technicality or because the money runs out?**

Much remains unknown about how the forgiveness program however following the guidelines for applying for the loan and submitting for loan forgiveness should allow you to access this program.

- **We have a separate entity that owns real estate and we pay rent to that entity. We file consolidated tax return and the real estate company is included in the tax return. Is this “rent” eligible for the loan forgiveness?**

Loan forgiveness is based on a multiple of your payroll so an entity without employees would not be eligible.

- **Are there any provisions for business owners paid on Schedule K-1?**

Unclear, but a good question to confirm with your lender.

## EIDL

- **Can we apply directly to SBA for EIDL?**

The SBA has a link that you can use to apply but our understanding is that you need to work with a local bank on finalizing the loan itself.

- **What if you already applied for the EIDL last week before the Payroll Protection Loan came out? Can one grant be for rent and one for payroll?**

Check with your EIDL lender.

## TELEHEALTH

- **Any hope we can use a phone to bill an office visit?**

We do have guidance from CMS that allows a phone call. We recommend caution with using this and only where a beneficiary does not have a smart phone or means to do a video visit. Each commercial payor has different standards for this at this time.

## Family First Coronavirus Response Act (FFCRA)

- **Are small practices (i.e. fewer than 10 employees) required to pay sick leave?**

This is not fully determined at this time. Congress gave the regulators permission to exclude employers with less than 50 employees, but we do not yet know exactly how they will choose to do that.

- **I thought the law required us to provide the paid leave...two weeks for sick pay and up to twelve weeks for family leave?**

The Act generally does require small and mid-sized employers to provide pay for sick time and family leave. There are exceptions and limitations that are unclear including an exception for health care providers that creates confusion.

- **Can one get both CARES Act money and the FFA tax credits?**

This would depend on your specific situation.

- **Sick pay / family leave notes:**
  - Sick pay is to be paid at full pay.
  - Family leave is at 2/3 pay up to \$200 per day.
  - Note that there are tax credits for this pay.

## MISCELLANEOUS

- **Is there any legislation about deferring medical malpractice premiums during this medical emergency/crisis?**

Not at this time. There is a good Samaritan exclusion from liability for volunteers, but nothing related to deferring medical malpractice. We suggest you contact your carrier and inquire about relief programs.
- **I read somewhere that the definition of healthcare provider was anyone who worked in a physician's office or a hospital. Is that correct?**

This is still unclear.