



COLORADO MEDICAL SOCIETY

COVID-19: Limiting the Financial Impacts on You and Your Practice

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Zoom instructions



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- All participants will be muted for the entirety of the town hall
- Ask a question by opening the “Q&A” panel (button at the bottom of the screen) and typing your question
- Upvote a question with thumbs up
- Please do not use the “chat” window to send messages – this is needed for communication between panelists



Panelists



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John Hood
Director
Financial Services
Group



Chris Weir
Vice President
Healthcare Banking



Kelly J. Brough,
President/CEO



Key Business Insurance Coverage



Most policies exclude coverage for losses that are associated with a virus-caused pandemic... however, because of the uncertainty of the actions/waivers that may be put into place, we are advising clients to notify their carrier of a potential covered loss.

Business Owners Policy

- To trigger a claim under most policies, there must be a sudden/accidental physical-covered cause of loss as defined in the policy.
- Unfortunately, viruses are excluded as a covered cause of loss.
- Some policies also include coverage for civil authority that would apply if a government agency closed off access to your building, however, the closure must be the result of a covered cause of loss (usually fire, wind, hail, etc.).

Business Overhead Insurance

There may be coverage, however, there is also generally a long waiting period of 60–90 days.



Workers' Compensation

A claimant would have to be able to prove that they received the COVID-19 virus at/through work.

Generally, there are two areas examined:

- **The illness or disease must be occupational.**
(meaning that it arose out of and was in the course and scope of the employment)
- **The illness or disease must arise out of or be caused by conditions specific to the work.**

The evaluation of whether coverage will apply is determined by the policy's carrier.

We anticipate that the discussion will focus on determining whether or not people who test positive acquired the virus in the workplace setting.

Key Business Insurance Coverage continued...



Short-Term Disability Insurance

- There is a waiting period that can range from 0–15 days or more before coverage applies.

Group Employee Benefits

- All the medical insurance providers (and life and disability carriers) have “relaxed” their active at work policies for the short term (UnitedHealthcare and Anthem till 5/31).
- Employees can be furloughed or laid off (even file for unemployment in most instances) yet still keep their group coverage in place. The only thing that needs to remain constant is the employer continues to pay its monthly premiums.

Cyber Liability Insurance



Provides comprehensive protection for incidents such as:

- data breaches
- cyber attacks
- ransomware

As well as expenses associated with these situations:

- credit monitoring
- patient support
- business interruption expenses

These issues may arise in telehealth situations, but any allegations of medical malpractice in telehealth would fall under your medical professional liability insurance, not cyber liability insurance coverage.

Most medical professional liability policies include an embedded level of cyber coverage, but depending on your situation, you may need more.



Remain vigilant: cyber criminals are using the pandemic as an opportunity

With employees working from home, businesses have additional exposures to be aware of, including employees' remote system security and third party IT vendors having capacity to respond to system weaknesses.

Beware of direct inquiries via phone, text, email, or social media from people offering assistance with the COVID-19 financial relief bill, especially if they ask for personal or business information.



On March 17, 2020, the HHS Office of Civil Rights (OCR) announced enforcement discretion for telehealth remote communications during the COVID-19 nationwide public health emergency. <https://www.hhs.gov/hipaa/for-professionals/special-topics/emergency-preparedness/index.html>

The Center for Medicare & Medicaid Services issued a fact sheet March 30, 2020, summarizing Medicare telemedicine services including relevant billing and coding information. It also addresses when services can be provided by audio-only telephone. <https://www.cms.gov/files/document/covid-19-physicians-and-practitioners.pdf>



Resources from COPIC



More detailed information on COVID-19 can be accessed from the homepage of www.callcopic.com:

- **Risk management FAQs** about issues such as disclosures related to positive COVID-19 test results (patients and providers), elective surgeries, and telehealth.
- **Information to help navigate the regulatory/legal areas** of liability immunity, telehealth, HIPAA requirements, and DEA exceptions.
- **HR/employer-focused information** about the recent CARES Act (financial relief/assistance for employers and individuals), the Families First Coronavirus Response Act (paid sick and family leave), and other employee-related issues.
- **COPIC Financial Service Group support** and coverage guidance.
- **The COPIC team** is also providing one-to-one assistance through our helplines to existing clients.

Which SBA Loan is right for my business?



Loan Name	Economic Injury Disaster Loan	Paycheck Protection Program
Who lends the money?	You interact directly with the SBA	You interact directly with your primary banking institution
Where do I apply?	www.sba.gov or via mail in application	Directly with your bank once SBA makes the application available
Who is eligible?	Businesses with < 500 employees and businesses with > 500 employees in certain instances	Businesses with < 500 employees and businesses with > 500 employees in certain instances
What does the loan cover?	Operating expenses over the next 6 months	Payroll, mortgage, rent, utilities and other interest expenses
What is the maximum loan amount?	\$2,000,000	Lesser of 2.5 x average monthly payroll costs or \$10,000,000
Does it require personal guaranties?	Yes	No
Does it require collateral?	Yes for loan > \$25,000	No
What is the initial repayment terms?	No payments through the first 12 months	No payments up to first 12 months
What are the repayment terms after initial period?	Up to 30-year term loan	Up to 10-year term loan
What is the interest rate during the term out period?	3.75% for for-profits, 2.75% for non-profits	4%

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Which SBA Loan is right for my business?



Loan Name	Economic Injury Disaster Loan	Paycheck Protection Program
Is the loan forgivable?	No	Yes if used for payment of payroll, mortgage interest, rent and utility expenses during the 8-week period after origination
Does the loan have a prepayment penalty?	No	No
What is the estimated time from application to receiving loan funds?	3 - 4 weeks	1 - 2 weeks
Are there any fees?	Minimal recording fee	No
Is this loan part of the CARES Stimulus Package?	No	Yes
How much is allocated nationally towards this loan program?	\$50 billion	\$350 billion
Who should apply?	Businesses that don't have an immediate need for a cash infusion but anticipate needing a source of low cost funding to handle operating expenses during the downturn and additional support to help the business coming out of the downturn	Businesses that need an immediate cash infusion to help keep employees on the payroll and businesses that may need additional support paying mortgages, rent and utilities through June 30, 2020

Note that this chart does not detail the terms on the \$10K EIDL Grant under the CARES Act.

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Quick eligibility test:

- Your business has < 500 employees (full-time, part-time or other basis)
- Your business was in operation as of February 15th, 2020
- You do not have a loan application pending with the SBA for an Economic Injury Disaster Loan for purposes of paying payroll, rent, mortgage or utility expenses
- You have not received an Economic Injury Disaster Loan after February 15th, 2020 that is duplicative in amount or usage, except that such loan may be refinanced as a PPP loan

Additional Considerations:

- Sole proprietors, independent contractors and other self-employed individuals are eligible to apply
- Tribal businesses, 501(c)(19) veteran organizations, and 501(c)(3) nonprofits, including religious organizations with fewer than 500 employees will also be eligible for the program. Nonprofit organizations are subject to SBA's affiliation standards.
- SBA affiliation standards regarding commonly controlled entities apply for businesses not under North American Industry Classification System ("NAICS") code 72

*If you can attest to the affirmative on the above four items, your business is eligible to apply**

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Step 1 – Calculate your eligible payroll costs:

- Combine the following figures from the one-year period prior to the date of application for the PPP
 - o Salary, wage, commission or similar commissions
 - o Payments of cash tips of equivalent
 - o Payment for vacation, parental, family, medical or sick leave
 - o Allowance for dismissal or separation
 - o Payments required for the provisions of group health care benefits, including insurance premiums
 - o Payment of any retirement benefit
 - o Payment of State or local tax assess on the compensation of employees
 - o Sum of any payments to an independent contractor that is not more than \$100,000

- Subtract out the following figures from the one-year period prior to the application
 - o Any amount of compensation above \$100,000 to one single employee
 - o Compensation to an employee whose principal place of residence is outside of the US
 - o Sick leave or family leave already covered under Families First Coronavirus Response Act

- *Note that alternative calculations apply for seasonal businesses*

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Step 2

Take the sum of the 'Step 1' calculation, average it out on a monthly basis, and multiply the average monthly eligible payroll amount by 2.5x and take the lesser of

- The above sum or;
- \$10,000,000

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A borrower of a PPP loan is eligible for forgiveness equal to the amount the borrower spent on the following items during the 8-week period beginning on the date of the origination:

- o Payroll costs including tipped employees
- o Interest on mortgage obligations of the business in place before Feb 15th, 2020
- o Rent on a leasing agreement in force before February 15th, 2020
- o Payments on utilities (electricity, gas, water, transportation, telephone or internet) for which services began before February 15th, 2020

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Reduction in PPP loan forgiveness

- The amount of forgiveness of the PPP Loan is reduced if there is a reduction in (a) employee workforce or (b) reduction of salary of employees making less than \$100K on an annualized basis by more than 25%.
 - o If the average monthly full-time equivalent employees of the borrower during the 8-week period from the date of the PPP loan origination is less than the average monthly full-time employees of the borrower during, at the election of the borrower,
 - (i) the period from February 15, 2019 to June 30, 2019, or
 - (ii) the period beginning on January 1, 2020 and ending on February 29, 2020, then the amount of PPP loan forgiveness is reduced by a percentage equal to 100% minus (x) the average monthly full-time equivalent employees of the borrower during the 8-week period from the date of PPP loan origination divided by (y) the number of average monthly full-time equivalent employees under “(i)” or “(ii)” as applicable. CARES Act Section 1106(d)(2). Note that there are alternative calculations for seasonal employers.
 - o If the borrower reduces the total salary or wages of any employee with wages or salary during any period in 2019 with annualized salary of less than \$100K by more than 25%, then the amount of forgiveness of the PPP loan will be reduced by the amount of the salary reduction in excess of 25%. CARES Act Section 1106(d)(3).

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Federal COVID Relief Support for Medical Practices and Other Small Businesses

April 3, 2020



Federal Legislation to Date

Coronavirus Preparedness and Response Supplemental Appropriations Act

- Signed into law March 6
- \$8.3 billion in emergency funding for federal agencies
- \$7 billion in disaster assistance loans from U.S. Small Business Administration (SBA)

Federal Legislation to Date

Families First Coronavirus Response Act

- Signed into law March 18
- Requires businesses of 500 or fewer employees to offer 2 weeks paid medical leave
 - Up to 12 weeks of paid family and medical leave at 67% of the person's normal pay, or up to \$200 per day
- Unemployment insurance stabilization
 - Additional \$1 billion for state unemployment programs
- Other components:
 - New testing requirements; USDA nutrition and food assistance; increase in Medicaid FMAP

Federal Legislation to Date

Federal Stimulus Package — Coronavirus Aid, Relief and Economic Security Act (CARES)

- Signed into law March 27
- \$2.2 trillion economic relief
 - Small Business Paycheck Protection Program
 - Business tax provisions
 - Payments for individuals
 - Unemployment assistance

Federal Funding Streams Available through Legislation

Small Business

Paycheck Protection Program

- Provides potentially forgivable loans in amounts to cover 2.5 months of payroll or \$10 million (whichever less)
 - Loans fully or partially forgiven if money used for payroll, health care premiums, rent, mortgage interest or utilities AND employer continues to employ workers or rehires them
- Reach out to your current lender today to start your application

Federal Funding Streams Available through Legislation

SBA Economic Injury Disaster Loans

- Loans up to \$2 million for small businesses and nonprofits
 - Can be used to pay fixed debts, payroll, accounts payable and additional bills
 - Apply through the SBA at www.sba.gov

Federal Funding Streams Available through Legislation

SBA Express Bridge Loans

- Allows small businesses with an SBA Express Lender to access up to \$25,000 with less paperwork
- Contact your current lender to apply

COVID Resources



Denver Metro Small Business Development Center

- Contact at info@denversbdc.org or 303-620-8076
- www.denversbdc.org

Small Business COVID-19 Disaster Response Hotline

- 303-860-5881



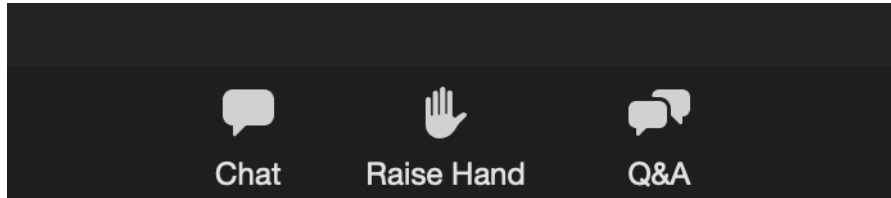
Denver Metro Chamber of Commerce

- Resources for business owners, employers and workers
- Webinar on Payroll Protection Program Application Process – Monday, April 6, Noon to 1 p.m.
- www.denverchamber.org/COVID

Questions



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Please join us...



Physicians' Town Hall - *Tuesday, April 7, 6:00 p.m. - 7:00 p.m.*

- Kim Bimestefer, HCPF Executive Director
- State Rep. Kyle Mullica
- Amanda Massey, CAHP Executive Director

"Staying Well Amidst the Crisis" Physician Webinar

1 AMA PRA Category 1 Credit™

- *Friday, April 10, 12:00 p.m. – 1:00 p.m.*

More information and resources: www.cms.org/covid-19



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