Financial Assistance from the Federal Government for Physicians and Practices Impacted by the COVID-19 Pandemic

(Updated as of 01/07/2021)

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) into law. The law, which established new stimulus and aid programs, will provide more than $2 trillion in emergency economic relief to individuals and businesses affected by the coronavirus crisis. ASCO is providing this resource guide to assist members in accessing critical support needed to sustain the care of patients with cancer.

This information is subject to change as federal agencies continue to update and provide clarifying guidance on these programs; and as new legislation is enacted by Congress and the White House. Decisions about which option(s) to pursue will depend on your individual practice situation. ASCO recommends that you consult with your financial advisor about the options outlined in the table below.

More detailed information on these programs is available beginning on page 4 of this document.

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<th>Physician Practice Size Requirement</th>
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| Medicare Accelerated/Advance Payment Program | No | Request forms vary by contractor and can be found on each individual MAC’s website. | Loan forgiveness is not available | • 100% of the Medicare payment amount for a three-month period for most providers and suppliers.  
• 100% of the Medicare payment amount for a six-month period for inpatient acute care hospitals, children’s hospitals, and certain cancer hospitals.  
• 125% of the payment amount for a six-month period for critical access hospitals (CAH). | Begins 120 or 210 days after the date of issuance of the payment depending on type of provider.  
10.25% interest rate | Find your designated MAC  
CMS Fact Sheet  
AMA Resource on Advance Payments and FAQs. |
| CARES Act Provider Relief Fund | No | Must sign an attestation through portal confirming receipt of the funds and agree to the terms and conditions (T&Cs) | Not applicable | First General Allocation Distribution: Immediate distribution based on eligible providers’ 2018 net patient revenue. | Recipients who choose to reject the funds must also complete the attestation to indicate fund rejection; not returning the | CARES Act Provider Relief Fund  
HHS Provider Relief Fund Guide |
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<td>within 90 days of payment.</td>
<td>Second General Allocation Distribution: Funds will be based on 2018 net patient revenue, not just Medicare Fee for Service. Phase Three General Distribution: Based on financial losses and changes in operating expenses caused by COVID-19. (Providers who previously received General Distribution payments, as well as a new category of behavioral health providers and providers who began operating in 2020, are eligible to apply.) Allocation to Medicaid and CHIP providers, Safety Net Hospitals and “Hotspots” and “Certain special rural Medicare designation hospitals in urban areas as well as others who provide care in smaller non-rural communities: Targeted fund allocations for: • Covid-19 high impact areas • Treatment of the uninsured • Rural providers • Indian Health Service • Certain acute care hospitals</td>
<td>funds within 90 days will be viewed as acceptance of the terms and conditions.</td>
<td>CARES Act Provider Relief Fund Payment Attestation Portal HRSA – COVID 19 Funding for Uninsured General Distribution Portal FAQs General and Targeted Distribution Post-Payment Notice of Reporting Requirements</td>
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<td>• Additional allocations for skilled nursing facilities, dentists, and providers that solely take Medicaid. • Dentists</td>
<td>Deferred for 6 months (with interest accrual of 1.0%)</td>
<td>For more information on application process and criteria, visit the SBA website here.</td>
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<td>Paycheck Protection Program*</td>
<td>Yes</td>
<td>Applications for PPP are processed through qualified 7(a) lenders.</td>
<td>Yes</td>
<td>Up to 2 months of average monthly payroll costs from 2019 plus 25%; $10M cap</td>
<td>For more information on application process and criteria, visit the SBA website here.</td>
</tr>
<tr>
<td>Economic Injury Disaster Loan Program</td>
<td>Yes</td>
<td>Applications for PPP are processed through qualified lenders.</td>
<td>No</td>
<td>$2M</td>
<td>For more information on application process and criteria, visit the SBA website here.</td>
</tr>
<tr>
<td>Economic Injury Disaster Grant</td>
<td>No</td>
<td>Processed for entities requesting an advance on their EIDL loan.</td>
<td>Yes, if used for paid sick leave, payroll, rent and mortgage payments, meeting increased costs to obtain materials unavailable from the applicant’s original source due to interrupted supply chains, and repaying obligations that cannot be met due to revenue losses.</td>
<td>$10,000</td>
<td>For more information on application process and criteria, visit the SBA website here.</td>
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<td><strong>Main Street Lending Program: Main Street New Loan Facility (MSNLF) and Main Street Expanded Loan Facility (MSELF)</strong></td>
<td>Yes, only for new loans through the MSNLF.</td>
<td>Processed through qualified lenders.</td>
<td>No</td>
<td>$25M (MSNLF) $150M (MSELF)</td>
<td>Amortization of principal and interest deferred for 1 year.</td>
</tr>
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<td><strong>Small Business Debt Relief Program</strong></td>
<td>Yes</td>
<td>Automatic for existing or new loans under program.</td>
<td>No</td>
<td>Not applicable</td>
<td>Automatic deferral for current 7(a), 504, and microloans for 6 months.</td>
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<td><strong>IRS Tax Provisions (Employee Retention Tax Credit and Payment Deferral of Certain Payroll Taxes)</strong></td>
<td>Yes</td>
<td>Employers can be immediately reimbursed for the credit by reducing their required deposits of payroll taxes that have been withheld from employees’ wages by the amount of the credit.</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>The deferred deposits of the employer’s share of social security tax (50 percent of the deferred amount) must be deposited on December 31, 2021; on December 31, 2022, the remaining 50 percent is due.</td>
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<td><strong>Advance Refunding of Tax Credits For Sick and Family Leave</strong></td>
<td>Yes</td>
<td>Eligible Employers will report their total qualified leave wages and the related credits for each quarter on their federal employment tax returns, usually Form 941, Employer’s Quarterly Federal Tax Return.</td>
<td>Not applicable.</td>
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Overview of Federal Financial Assistance Programs

Medicare Accelerated/Advance Payment (AAP) Programs

*On April 26, 2020, the Centers for Medicare & Medicaid Services (CMS) announced that it is suspending its Advance Payment Program to Part B suppliers (this includes physicians) effective immediately.

Beginning on April 26, 2020, CMS will not be accepting any new applications for the Advance Payment Program, and CMS will be reevaluating all pending and new applications for the Accelerated Payment Program. The Advanced Payment program will continue for hospitals.

In order to increase cash flow to providers of services and suppliers impacted by the 2019 Novel Coronavirus (COVID-19) pandemic, CMS expanded its current Accelerated and Advance Payment Program to a broader group of Medicare Part A providers and Part B suppliers.

The AAP Programs allows providers and suppliers to apply for advance payments to be used as a short-term cash flow bridge. The application process is through the Medicare Administrative Contractors (MACs) and payback begins after 120 or 210 days (depending on the type of provider). Note that these payments operate like a loan and must be repaid. These advance payments currently carry a 10.25% interest rate.

Department of Health and Human Services Provider Relief Fund

The CARES Act included relief ($175B appropriated) to physician practices and other health care providers who are suffering financial loss due to COVID-19 by designating funding for the Department of Health and Human Services (HHS) Provider Relief Fund. Funds are meant to cover unreimbursed health care related expenses or lost revenues attributable to the COVID-19 public health emergency (PHE), although the Secretary of HHS has wide discretion for grant allocation and awards.

On April 10, 2020 HHS began distributing $30 billion from the $100 billion Public Health and Social Services Emergency Fund to Medicare Fee-for-Service (FFS) providers through the CARES Act Provider Relief Fund. Payments from the fund are not loans, and providers will not be required to repay them. HHS is distributing the funds in a rapid fashion, with payment generally arriving through direct deposit on April 10. Electronic payments will be received automatically via Optum Bank and will be labeled “HHSPAYMENT.” Paper checks will be mailed in the coming weeks. Payments will be paid to the TIN that usually receives Medicare payments (such as the group practice or the employing entity).

There are certain terms and conditions attached to the payment, such as the requirement to accept in-network fees for services provided to patients (no balance billing). Providers must certify to the terms and conditions within 90 days of accepting the funds. In agreeing to the terms and conditions of the grants, physicians are required to attest that they diagnose, treat, or test patients with a potential COVID-19 diagnosis. If a provider ceased operation as a result of the COVID-19 pandemic, they are still eligible to receive funds so long as they provided diagnoses, testing, or care for individuals with possible or actual cases of COVID-19. Care does not have to be specific to treating COVID-19. HHS broadly views every patient as a possible case of COVID-19. This not a loan payment and will therefore not need to be paid back.
On December 21, 2020, additional COVID-19 stimulus funding was signed into law. As of January 1st, 2021, $147B (of the $175B) had been allocated, but HHS reports that only $98 billion has been attested to by providers. An additional $3B was allocated to the PRF which will require additional applications from providers. The law includes technical changes around the language of calculating lost revenue including allowing providers to account for lost revenue using the difference between the provider’s budgeted and actual revenue if the budget was established and approved before March 27, 2020. The new law also requires that at least 85% of future distributions after enactment of the bill will be paid to providers based on applications that consider financial losses and changes in expenses in the third and fourth quarter of 2020 and first quarter of 2021.

Small Business Administration (SBA) Loans

The SBA has two loan programs to address COVID-19-related economic relief: the 7(a) Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) Program. An applicant can receive both a PPP loan and an EIDL, however they cannot seek recovery under the EIDL for the same costs that are covered by a PPP loan. Both loans are low interest loans with favorable terms; however, only the PPP has the forgiveness element.

Paycheck Protection Program (PPP): The PPP allows an eligible small business with no more than 500 employees to apply to an SBA-approved lender for a low-interest loan. Loans can be for up to two months of average monthly payroll costs from the last year plus an additional 25% of that amount. Loans can be used to cover eight weeks of payroll as well as help with other expenses such as benefits, rent, mortgage, utilities, and other business expenses. Salary, wages, commissions, or tips are capped at $100,000 on an annualized basis for each employee. The maximum loan amount is $10 million.

The PPP loan is eligible for forgiveness up to 100% of the principal of the loan, but such forgiveness will be reduced by any layoffs or reductions in salaries in excess of 25% of an employee’s salary. If all employees are kept on the payroll for 8 weeks, the SBA will forgive the loans.

All current SBA 7(a) lenders are eligible lenders for PPP, and the Department of Treasury will also oversee authorizing new lenders.

This program is retroactive to February 15, 2020 and available through June 30, 2020.

*Update August 25, 2020: The Small Business Administration (SBA) issued an Interim Final Rule with Comment (Rule) providing further information on the process for appealing certain SBA loan review decisions under the Paycheck Protection Program (PPP). The Rule provides the authority for SBA to undertake a loan review at any time. In conducting a review, the SBA will examine whether a borrower: (1) was ineligible for a PPP loan; (2) was ineligible for the PPP loan amount received or used the PPP loan proceeds for unauthorized uses; (3) is ineligible for PPP loan forgiveness in the amount determined by the lender; and/or (4) is ineligible for PPP loan forgiveness in any amount when the lender has issued a full denial decision to SBA. The Rule also provides detailed information on how a PPP borrower may appeal final SBA loan review decisions, including the required information and documentation to be submitted. An appeal must be filed within 30 calendar days after either the appellant’s receipt of the final SBA loan review decision or notification by the lender of the final SBA loan review decision,
whichever is earlier. Finally, an appeal by a PPP borrower does not extend the deferral period for the PPP loan.

** Update August 26, 2020: The SBA released a second Interim Final Rule addressing the ownership percentage that triggers the applicability of owner compensation rules for forgiveness purposes. This interim final rule also addresses limitations on the eligibility of certain nonpayroll costs for forgiveness and includes examples and FAQs.

Both rules are effective immediately (August 25, 2020).

Economic Injury Disaster Loan (EIDL) and Grant Program ($10B): The EIDL program allows an eligible business to obtain up to $2 million in low-interest loans with principal and interest deferment one year to pay expenses that could have been met had the disaster not occurred, including payroll and other operating expenses. The EIDL program is not limited to small businesses.

A practice with fewer than 500 employees that has applied for an EIDL loan can request an advance of that loan, of not more than $10,000. While this advance loan payment will not have to be repaid, the remaining balance of the loan is otherwise not forgivable. Although the program is required to distribute funds within 3 days, it has been reported that the SBA has become overwhelmed with applications. Because of this, many loans have not been processed and applicants have gone weeks without any response. The program is also running low on funds. A loan advance may be used for providing paid sick leave to employees, maintaining payroll, meeting increased costs to obtain materials, making rent or mortgage payments and repaying obligations that cannot be met due to revenue losses. If a small business receives a PPP loan that is forgiven, any advance amount received under the emergency EIDL would be subtracted from the amount forgiven in the PPP loan.

** Coronavirus Economic Stabilization Act (CESA) and the Main Street Lending Program**

Title IV of the CARES Act includes a subtitle called the Coronavirus Economic Stabilization Act (CESA), which created the Main Street Lending Program.

This program authorizes the Secretary of the Treasury to make loans, loan guarantees, other investments, and subsidies to provide liquidity for mid-size businesses that employ up to 10,000 workers, have revenues of less than $2.5 billion, and have experienced losses as a result of coronavirus. These new loans through the Main Street Lending Facility will have an annualized rate no greater than 2% and with no principal or interest due for at least six months. They are not eligible for loan forgiveness.

The program is available to eligible businesses that have not otherwise received “adequate economic relief” in the form of loans or loan guarantees provided under other provisions of the CARES Act. For mid-size physician practices that are not eligible for other loans, the advantages of CESA loans include lower rates and favorable pay-back terms. The CARES Act provides $454 billion for this program.

The Federal Reserve and the Treasury recognize that businesses vary widely in their financing needs, particularly at this time. As the program is being finalized, the Administration will continue to seek input from lenders, borrowers, and other stakeholders to make sure the program supports the economy as
effectively and efficiently as possible while also safeguarding taxpayer funds. Entities are not yet able to apply for these loans.

Small Business Debt Relief Program

This program will provide immediate debt relief to small businesses with non-disaster SBA loans, e.g., 7(a), 504 and microloans. SBA will cover all loan payments on these loans, including principal, interest and fees, for six months. New borrowers are eligible for this relief if they take out loans within six months of the President signing the law, and new non-disaster loans issued prior to Sept. 27, 2020.

IRS Tax Provisions (Employee Retention Tax Credit and Payment Deferral of Certain Payroll Taxes)

The CARES Act includes two major changes to taxes and tax policies that could benefit physician practices: (1) an employee retention tax credit, and (2) payment deferral of certain employee payroll taxes. The employee retention credit and the tax deferral are not available to employers whose PPP loans are forgiven. Physicians should consult with their tax professional to determine if these benefits or others apply to their practice.

Employee Retention Tax Credit: These changes include an employee retention tax credit if the practice’s business operations were fully or partially suspended due to a COVID-19 shut-down order, or gross receipts declined by more than 50 percent compared to the same quarter in the prior year. Eligible businesses can get a refundable 50 percent tax credit on wages up to $10,000 per employee. The credit can be obtained on wages paid or incurred from March 13, 2020, through December 31, 2020.

Payment Deferral of Certain Employee Payroll Taxes: This provision allows taxpayers to defer paying the employer portion of certain payroll taxes through the end of 2020, with all 2020 deferred amounts due in two equal installments, one at the end of 2021 and the other at the end of 2022.

Advance Refunding of Tax Credits For Sick and Family Leave

The Department of Treasury is authorized to issue tax credit advances for the expanded paid sick and family medical leave provisions, as enacted in previous stimulus legislation, the Families First Coronavirus Response Act, H.R. 6201 (phase 2). Employers will receive an advance tax credit instead of having to be reimbursed after the expanded leave has been paid.

An employer or a self-employed individual may offset on a dollar-for-dollar basis and on a payroll-by-payroll-basis the amount the employer or the self-employed individual has paid to its employees for Emergency Paid Sick Leave and paid Family and Medical Leave Act against the employer’s contribution for Social Security. If the amount of benefits paid exceeds the amount of the employer’s Social Security contribution, the IRS will establish a procedure under which the employer can apply for an expedited refund of those amounts.