



HBP Management Services During the 2020-2021 Financial Crisis

Updated January 15, 2021

1. 2021 Programs

- a. **Paycheck Protection Plan (PPP) – Round 2**, subject to a 25% drop in revenue during one quarter of 2020
- b. **Provider Relief Reporting**, portal scheduled to open 1/15/2021

2. Bank Financing

Assist clients to establish or increase their line of credit

3. Malpractice Insurance

- a. Investigate options for part-time coverage with the agent and carrier considering on call responsibilities
- b. Determine the cost savings and duration of this change
- c. Coordinate implementation
- d. Work with insurance carrier to delay premium payments

4. Financial Projection

- a. Develop a detailed financial forecast for practice planning
 - i. 2020
 - ii. 2021
- b. Interface with the practice accountant / CFO

5. Shareholder/Partner Compensation

- a. Evaluate net compensation received by the partners
- b. Adjust the salary portion to \$100,000 (maximum allowed by PPP)
- c. Balance to be paid as an equal loan to each partner, based on the historical net, with loans reversed to salary prior to 12/31/20

6. Paycheck Protection Plan Applications (PPP)

- a. Coordinating any necessary information with the accountant
- b. Submission to the bank and follow up paperwork
- c. Final date for approval = June 30, 2020

7. Paycheck Protection Plan Forgiveness (PPP)

- a. Assure that documentation is available for the 8-week or 24-week period starting with the loan proceeds. Prepare a corporate resolution that lays out the justification for PPP funds.
 - i. Compensation to a maximum \$100,000
 1. \$1,923 per week x 8 = \$15,385
 2. 1,923 per week x 24 = \$46,152 (subject to SBA guidance)
 - ii. Benefits – Health/Dental/Vision and any Health Saving Account plans

This excludes life and disability

- iii. Retirement plan
 - 1. Determine if this excludes payments to owners in their role as shareholders in a C or S corp
 - 2. The calculation includes contributions up to the IRS max of \$285,000 (not limited to the \$100,000 salary)
 - 3. Consider the impact of a profit-sharing plan for 2020
 - a. If the PS has not been voted
 - b. If there is no profit
- iv. Rent including
 - 1. Payments made to a hospital for technical services or for space to provide referred activity.
 - 2. Payments made for office space including rent adjustments such as property taxes and operating costs if the lease is net/net.
- v. Utilities (phone, gas, electric, water, cable/internet)
- vi. Lease payments for equipment and furniture such as, postage meter, copier, computers/software
- b. Monitor advisories SBA FAQs for specific guidance
 - i. Calculate the lowest FTE baseline to compare to the forgiveness period
 - 1. 2/15/19 to 6/30/19
 - 2. 1/1/20 to 2/29/20
- c. Prepare the forgiveness application

8. **Medicare Grant** for 2019 payments (\$30B of \$484B = 6.2%)

Completion of the Grant Attestation within 30 days

9. **Provider Relief Funds – Targeted Grants**

- a. Evaluate the impact on loss revenues for March & April 2020
- b. Work with practice accountant to prepare and submit documentation to obtain this funding
- c. The total will be 2% of 2019 (subject on the tax return submitted) gross income less the amount previously received as a Medicare Grant 6.2% of 2019 Medicare reimbursement

10. **(State) Shared Work Program**

- a. Integrate with the PPP loan and the 8/24-week forgiveness period
- b. Coordinate reductions with practice HR consultant/department
- c. Consider a reduction of 25% or less that allows a maximum PPP forgiveness scheduled to end on July 31, 2020

Note employees must return to payroll as of December 31, 2020

11. **Other Programs**

- a. Emergency Sick Leave (ESL) and Extended Emergency Sick Leave
- b. Extended Family Medical Leave

12. Legal Documents

- a. Review and revise employment arrangements and other similar practice commitments to include flexibility in a financial crisis
- b. Interface with the practice attorney on contracts that need to be changed because of vendor request for delay
- c. Confirm that all agreements are properly executed

13. Human Resources

- a. Update the Personnel Manual
- b. Prepare a plan for working from home options
- c. Develop a back to work plan

14. Billing System

- a. Investigate any functions being provided by an outside vendor that are outsourced to international locations if work there is restricted
- b. Develop a plan to focus on 2019 accounts receivable as well as timely turnaround time on 2020 services if the billing agency or in house staff are not at full capacity

15. Weekly Crisis Reports

- a. Design and implement an executive summary with distribution to all key parties:
 - i. President and Treasurer
 - ii. CPA
 - iii. Billing/Practice Manager

16. Accounts Payable

- a. Review payables to determine which can be deferred
- b. Work with vendors to extend payment arrangements
- c. Determine hospital payments that can be deferred
- d. Assure that the practice makes timely payments for any items that will be forgiven under the PPP program
- e. Negotiate with the landlord on a deferral of rent after PPP ends