During the COVID-19 pandemic, physician practices are confronting operational and business challenges as they continue to deliver high quality care to their patients. Medical practices will need to make difficult choices about whether to make significant changes that could include changing how they deliver care or even closing their practices. Many practices are currently facing:

+ Decreased patient visits and procedures resulting in reduced revenue and cash flow to the practice. This may be due to the postponement of non-essential visits and procedures; lack of personal protective equipment (PPE) and other supplies; and cancellation of appointments due to patient isolation and concerns about COVID-19 transmission.

+ Clinical and medical office staff being self-isolated/quarantined, unable to come to work because of childcare issues or re-directed to providing patient care outside of the practice, resulting in a smaller workforce available to manage the existing patient workload. This could result in higher costs for temporary staffing, overtime and locum tenens physicians.

+ Due to higher demand for PPE and testing supplies, the existing supply chain is strained such that the practice is either experiencing increased costs or is unable to procure the equipment and supplies to keep the practice functioning.

+ Practices may be required to divert reserves and other funding sources to continue to pay all of these higher costs.

+ High levels of uncertainty about practice viability, combined with anxiety about disease transmission and the welfare of their family, staff and patients can result in higher levels of stress and burnout for physicians.

This resource guide provides an overview of financial assistance available to medical practices during and after this difficult time so physicians have the information they need to make the right decisions for their businesses and families.

**Getting Organized**

The American Medical Association (AMA) has developed a checklist for physician practices that provides high level guidance for practice owners and administrators so they can gain a comprehensive view of the financial status and resiliency of their practices. The checklist includes:
1. Implement a process for rapid decision-making and planning.
2. Understand your insurance coverage.
3. Evaluate ongoing financial obligations.
4. Make a financial contingency plan.
5. Assess current and future supply needs.
6. Understand how to continue business operations.
7. Consolidate administrative resources, including coding tools.
8. Manage workflow.
9. Use digital health tools.
10. Communicate guidelines to employees.

**Direct Payments**

The federal economic relief package, signed into law on March 27, 2020, includes:

+ $100 billion in direct assistance to physicians, hospitals and other health care workers for unreimbursed expenses and lost revenues due to reductions in other services as a result of the COVID-19 outbreak. Detailed guidance for eligibility and applications is forthcoming from the Department of Health and Human Services (HHS).

+ 2% increase in Medicare physician payments by temporarily lifting the Medicare sequestration cuts. May 1-December 31, 2020. The conversion factor will be increased and a new fee schedule published before May 1.

+ 20% enhanced Medicare inpatient payment for services provided to patients with a COVID-19 diagnosis. Hospitals can also request to receive Medicare payments in an upfront lump sum.

+ $454 billion to the Treasury Secretary’s Stabilization Fund to provide emergency relief to assist businesses, including physician practices impacted by the outbreak.

+ Congress updated the mandate for Medicare, Medicaid, private insurers, TriCare, the VA and Indian Health Services to cover and pay for COVID-19 vaccines, testing and related physician visits and prohibit any patient cost-sharing for such services. Medicare will pay for 100% of the visit costs. Private insurers must pay the contracted rate. If there is no contract, insurers must pay the cash price posted by the physician.
All U.S. residents with adjusted gross income up to $75,000 ($150,000 married) are eligible for a full $1,200 ($2,400 married) rebate. They are also eligible for an additional $500 per child. No action is required to receive a rebate check from the IRS.

Telehealth

Public and private entities have taken action to ensure that physicians participating in commercial managed care, Medi-Cal and Medicare are reimbursed for services provided via telehealth at the same rate that they would have been reimbursed if the service had been provided through an in-person visit. Some payers have expanded telehealth to include telephone visits. Expanded opportunities for telehealth payment may provide the opportunity for physicians to expand care delivery to include telehealth options.

See CMA's COVID-19 Telehealth resources for more information on how to access the expanded funding and bill for services.

Medicare Accelerated and Advance Physician Payments

The Centers for Medicare & Medicaid Services (CMS) on March 28, 2020, announced an expansion of its accelerated and advance payment program for participating Medicare physicians and hospitals. This expansion is intended to lessen the financial hardship of providers facing extraordinary challenges related to the COVID-19 pandemic and help with cash flow problems that many physician practices are experiencing. To qualify for accelerated or advance payments, the physician must:

- Have billed Medicare for claims within 180 days immediately prior to the date of signature on the provider’s/ supplier’s request form;
- Not be in bankruptcy;
- Not be under active medical review or program integrity investigation; and
- Not have any outstanding delinquent Medicare overpayments.

Medicare will start accepting and processing the Accelerated/Advance Payment Requests immediately. California physicians should submit a request to Noridian, California’s Medicare contractor. Physicians can request 100% of their historical Medicare payment amount for a three-month period. CMS anticipates that the payments will be issued within seven days of the provider’s request. Repayment of the advance payments are due 120 days after the issuance of the advance payment. Physicians have 210 days from the issuance of the advance payment to repay the entire balance due to CMS.

For more information, see the CMS fact sheet on the application process.
Financial Assistance Programs

State and federal policymakers have developed legislation focused on economic relief for small businesses. The following is a list of funding programs that could assist physicians in maintaining financial viability. Please note that the federal economic relief legislation was signed into law on March 27, 2020. Federal regulators are now charged with providing detailed guidance on how to apply for the new funding. CMA will post the new rules as soon as they are released.

Loan and Grant Programs

Small Business Administration

NEW PAYCHECK PROTECTION PROGRAM
Forgivable Loans From Private Lenders Available April 3, 2020

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) provides $360 billion in funding for new Small Business Administration (SBA) loan and grant programs. One of those programs is the Paycheck Protection Program (PPP), which will provide small businesses with less than 500 employees with forgivable, zero-fee loans of up to $10 million or 2.5 times their average monthly payroll costs. Part of these loans may be forgiven and not counted as income if it’s spent during the first eight weeks on operating expenses, such as payroll, group health care benefits, lease payments, mortgage interest, and utilities.

These PPP loans are available from participating private financial institutions. Physicians can apply through participating SBA 7(a) lenders or through any participating federally-insured depository institution, federally insured credit union and Farm Credit System institution. You should consult with your local lender as to whether it is participating in the program. Lenders may begin processing loan applications as soon as April 3, 2020.

Principal and interest will be deferred for at least six months and all borrower fees are waived. No collateral or personal guarantees are required. This loan has a maturity of two years and an interest rate of .5%.

Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.

More specifically, to receive forgiveness, businesses must maintain the same average number of employees for the first eight-week period beginning on the origination date of the loan as you did from February 15, 2019 - June 30, 2019, or from January 1, 2020, until February 15, 2020. If a business does not meet this standard, the amount of the loan that will be forgiven will be reduced. If businesses reduce
compensation for employees who make under $100,000 by more than 25%, as compared to the most recent quarter, even less of the loan will be forgiven. There's one overall exception. Businesses won't be penalized for a reduction in employment or wages during the period from February 15, 2020, to April 26, 2020, if you rehire employees that you previously laid off or restore any decreases in wages or salaries by June 30, 2020. (The US Chamber of Commerce offers a step-by-step checklist and payroll calculation).

Employers can obtain forgiveness for salary amounts up to $100,000 per employee. For purposes of calculating “average monthly payroll,” most applicants will use the average monthly payroll for 2019, excluding costs over $100,000 on an annualized basis for each employee.

CMA recommends that interested physicians begin preparing your applications now. You can download the application to see the information that will be requested from you.

This temporary emergency assistance can be used in coordination with other COVID financing assistance established in the bill or any other existing SBA loan program.

EXISTING ECONOMIC INJURY DISASTER LOAN PROGRAM

SBA will work directly with state governors and private financial institutions to provide targeted, low-interest loans to small businesses and non-profits that have been severely impacted by the Coronavirus (COVID-19). The SBA's Economic Injury Disaster Loan (EIDL) program provides small businesses with working capital loans that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. EIDLs are loans of up to $2 million that carry interest rates up to 3.75% for companies and up to 2.75% for nonprofits, as well as principal and interest deferment for up to 4 years. The loans may be used to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses. A business that receives an EIDL between January 31, 2020, and June 30, 2020, as a result of a COVID-19 disaster declaration is eligible to apply for a PPP loan or the business may refinance their EIDL into a PPP loan. In either case, the emergency EIDL grant award of up to $10,000 would be subtracted from the amount forgiven in the payroll protection plan.

NEW ECONOMIC INJURY DISASTER LOAN GRANT PROGRAM

The federal economic relief law includes $10 billion in grant funding to provide an advance of $10,000 to small businesses and nonprofits that apply for an SBA economic injury disaster loan (EIDL) within three days of applying for the loan. The new $10,000 EIDL grant does not need to be repaid, even if the grantee is subsequently denied an EIDL, and may be used to provide paid sick leave to employees, maintaining payroll, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments. Eligible grant recipients must have been in operation on January 31, 2020. The grant is available to small businesses, private nonprofits, sole proprietors and...
independent contractors, tribal businesses, as well as cooperatives and employee-owned businesses. The SBA will issue additional details and guidance on the new program shortly.

**EXPRESS BRIDGE LOANS**

Express Bridge Loan Pilot Program allows small businesses who currently have a business relationship with an SBA Express Lender to access up to $25,000 with less paperwork. These loans can provide vital economic support to help small businesses overcome the temporary loss of revenue and can be term loans or used to bridge the gap while applying for a direct SBA Economic Injury Disaster loan. If a small business has an urgent need for cash while waiting for decision and disbursement on Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan.

**Debt Relief for Existing and New SBA Borrowers**

The federal economic relief law includes $17 billion in funding to provide immediate relief to small businesses with standard SBA 7(a), 504, or microloans. Under this provision, SBA will cover all loan payments for existing SBA borrowers, including principal, interest, and fees, for six months. This relief will also be available to new borrowers who take out an SBA loan within six months after the President signs the bill. The measure also encourages banks to provide further relief to small business borrowers by allowing them to extend the duration of existing loans beyond existing limits; and enables small business lenders to assist more new and existing borrowers by providing a temporary extension on certain reporting requirements. While SBA borrowers are receiving the six months debt relief, they may apply for a PPP loan that provides capital to keep their employees on the job. The six months of SBA payment relief may not be applied to payments on PPP loans. The stimulus also includes a permanent fix that allows SBA to waive fees for veterans and their spouses in the 7(a) Express Loan Program, regardless of the President’s budget. Under current law, SBA may only waive fees on 7(a) Express loans to veterans when the President’s budget does not project a cost above zero for the overall 7(a) loan program.

**Small Business Finance Center**

On April 2, 2020, Governor Newsom announced that the State of California is allocating $50 million to the Small Business Finance Center at California’s IBank to mitigate barriers to capital for small businesses (1-750 employees) that may not qualify for federal funds (including businesses in low-wealth and immigrant communities). The $50 million allocation will be used to recapitalize the IBank Small Business Loan Guarantee Program.

**Disaster Relief Loan Guarantee Program:** This disaster program provides guarantees for loans of up to $50,000 for small business borrowers in declared disaster areas. Contact IBank for more information.
California IBank has a Small Business Loan Guarantee Program for guarantees up to $1 million and a micro lending program for loans up to $10,000 with accommodations for disasters. The program is run through local mission-based lenders, the Financial Development Corporations.

**California Capital Access Program for Small Businesses**

The California Capital (CalCAP) Access Program for Small Business encourages banks and other financial institutions to make loans to small businesses that have difficulty obtaining financing. If you own a small business and need a loan for start-up, expansion or working capital, you may receive more favorable loan terms from a lender if your loan is enrolled in the CalCAP Loan Loss Reserve Program. This program helps communities by providing financing to businesses that create jobs and improve the economy.

CalCAP is a loan loss reserve program which may provide up to 100% coverage on losses as a result of certain loan defaults. With CalCAP portfolio support, a lender may be more comfortable underwriting small business loans.

Check to see if your commercial lender or financial institution participates in CalCAP or find a participating lender. If your financial institution does not currently participate, it is easy for lenders to sign up. Please have your institution complete the Financial Institution Application and send to CalCAP to get started.

**Deferred Mortgage Payments**

On March 25, 2020, Governor Newsom announced that financial institutions would offer, consistent with applicable guidelines, mortgage payment forbearances of up to 90 days to borrowers economically impacted by COVID-19. In addition, those institutions must:

+ Provide borrowers a streamlined process to request a forbearance for COVID-19-related reasons, supported with available documentation;
+ Confirm approval of and terms of forbearance program; and
+ Provide borrowers the opportunity to request additional relief, as practicable, upon continued showing of hardship due to COVID-19.

In addition, under federal law, borrowers will receive 180 days of forbearance for federally backed mortgage loans (Fannie Mae, Freddie Mac, HUD, VA, USDA). The law also prohibits foreclosures on all federally-backed mortgage loans for a 60-day period beginning on March 18, 2020. This benefit terminates at the end of the national emergency or December 31, 2020.
No Negative Credit Impacts Resulting from Relief

Under the new federal law, financial institutions may not report derogatory tradelines (e.g., late payments) to credit reporting agencies, consistent with applicable guidelines, for borrowers taking advantage of COVID-19-related relief.

Student Loans and Continuing Medical Education

The federal economic relief law:

- Defers student loan payments, principals, and interests through September 30, 2020. Additionally, during this time, involuntary collection related to student loans will be suspended.

- Allows students who withdraw from school as a result of COVID-19 to not return Pell grants, other grant assistance, or loans. Additionally, for students who withdraw from school as a result of COVID-19, the current academic term would be excluded from counting toward lifetime subsidized loan or Pell grant eligibility.

- Allows schools to use Supplemental Educational Opportunity Grants as emergency financial aid grants to assist graduate students with unexpected expenses and unmet financial needs that arise as the result of COVID-19.

- Allows institutions to transfer unused work-study funds to be used for supplemental grants. Additionally, it would give institutions the ability to issue work-study payments to student who are unable to work due to work-place closures, as a result of COVID-19, as a lump sum or in payments similar to paychecks.

- Supports foreign education institutions, including graduate medical programs, as they offer distance learning to U.S. students receiving Title IV funds for the duration of the COVID-19 pandemic.

- Governor Newsom issued an Executive Order on March 30, 2020 that extends physician Continuing Medical Education (CME) requirements for 60 days.

Professional Liability

The new federal law provides professional liability protections with exceptions under the Good Samaritan laws for physicians providing volunteer medical services during the COVID-19 public health emergency.

Unemployment, Paid Sick and Medical Leave, Child Care

The economic relief law includes:

- Child Care Block Grant: $3.5 billion to allow child care programs to remain open and meet priority emergency staffing needs for health care workers and first responders.
Expands unemployment benefits for employees who remain unemployed after state unemployment benefits are no longer available. (Earlier legislation enacted by Congress increased funding for state unemployment insurance funds.)

An earlier Congressional bill provided the following expanded Paid Sick and Paid Family and Medical Leave for those impacted by the COVID-19 outbreak:

- Up to two weeks of paid sick leave for workers who work for the government or employers with 500 employees or less.
- 12 weeks of job-protected paid family and medical leave for government employees and employees who work for employers with less than 500 employees. The paid family and medical leave begins after the first 14 days of sick leave and is not less than two-thirds of the employee's regular payment rate. It will be provided to employees adhering to requirements or recommendations for quarantine; to care for a family member required or recommended for quarantine; or to care for a child whose school or child care is closed.
- Tax credits to employers to offset the costs of emergency sick and medical leave.
- For additional information on direct employment related issues, see the CMA Covid-19 FAQ and the CMA Webinar on Employment Issues.

**Federal and State Tax Relief**

**Internal Revenue Service.** The deadlines to file and pay federal income taxes are extended to July 15, 2020. Small and midsize employers can also begin taking advantage of two new refundable payroll tax credits, designed to promptly and fully reimburse them, dollar-for-dollar, for the cost of providing Coronavirus-related leave to their employees.

**Franchise Tax Board.** Because of COVID-19, California has moved various tax filing and payment deadlines to July 15, 2020.

**California Department of Tax and Fee Administration** (CDTFA). Pursuant to Governor Newsom’s Executive Order on March 12, 2020, the CDTFA has the authority to assist individuals and businesses impacted by complying with a state or local public health official's imposition or recommendation of social distancing measures related to COVID-19, through May 11th. This assistance includes granting extensions for filing returns and making payments, relief from interest and penalties, and filing a claim for refund. Taxpayers may request assistance by contacting the CDTFA. Requests for relief of interest or penalties or requesting an extension for filing a return may be made through CDTFA’s online services.
ON MARCH 30, 2020, GOVERNOR NEWSOM ISSUED AN EXECUTIVE ORDER THAT PROVIDES THE FOLLOWING:

+ Extends the filing deadline for small businesses up to three months for tax returns that are less than $1 million in tax. Effective for the payment of taxes that are due on or by July 31, 2020.
+ Extends the filing deadline to receive tax refunds by 60 days for individuals and businesses. This is for all claims for refunds that must be filed by July 31, 2020.
+ Extends the deadline for tax appeals for businesses and individuals by 60 days through July 31, 2020.

THE FEDERAL ECONOMIC RELIEF LAW INCLUDES MULTIPLE PROVISIONS THAT PROVIDE TAX RELIEF FOR EMPLOYERS, INCLUDING PHYSICIAN EMPLOYERS. SPECIFICALLY, THE FEDERAL PACKAGE:

+ Allows advance refunding of tax credits for employers to offset the costs of the additional paid sick and medical leave for employees.
+ Refundable Employer Payroll Tax Credits for 50% of wages paid by employers to employees during the crisis. The credits are for employers whose (1) operations were fully or partially suspended due to a COVID-19 related shut-down order, or (2) gross receipts are down by more than 50%. Credit is provided for the first $10,000 in compensation per employee from March 13, 2020 to December 31, 2020.
+ Allows employers or self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government for their employees. It requires the deferred employment tax be paid over the following two years with half of the amount required to be paid by December 31, 2020 and the other half by December 31, 2022.
+ Allows modifications for business net operating losses to allow businesses to use losses and amend prior year tax returns which will provide critical cash flow. A net operating loss arising in a tax year beginning in 2018, 2019, or 2020 can be carried back five years.
+ Allows businesses to temporarily increase the amount of interest expense they are allowed to deduct on their tax returns by increasing the 30% limitation to 50% of taxable income for 2019 and 2020 with adjustments.
+ Waives the 10% penalty on early withdrawal of distributions up to $100,000 from qualified retirement funds and allows more flexibility for loans from certain retirement plans. Such distributions may be made for individuals, spouses or dependents diagnosed with COVID-19, quarantined, furloughed, laid off, having work hours reduced, unable to work because of lack of child care, closing or reducing hours of business owned by the individual.
CMA Resources

CMA’s Health Law Library
CMA’s online health law library contains over 5,400 pages of up-to-date information on a variety of subjects of everyday importance to physicians, including current laws, regulations and court decisions that affect the practice of medicine. One of CMA’s most valuable member benefits, the searchable online library contains all the information available in the California Physician’s Legal Handbook (CPLH), an annual publication from CMA’s Center for Legal Affairs. This resource can provide helpful guidance to physicians as they consider their options for changing their practice models to ensure financial viability after the COVID-19 pandemic.

Examples of content that may be relevant at this time include:

+ Medical Practice Option Overview
+ Retaining a practice consultant
+ Covering Physicians (Locum Tenums)
+ Retirement Notice
+ Termination of the Physician-Patient Relationship

CMA members can access the library documents free at cmadocs.org/health-law-library. Nonmembers can purchase documents for $2 per page.

CPLH, the complete health law library, is also available for purchase in a multi-volume print set or annual online subscription service. To order a copy, visit cplh.org or call (800) 882-1262.

Consult a Professional
This crisis will have significant impacts on physician practices, but physicians do not have to undergo these changes without help from professionals. However, hiring the right professional is not always easy. CMA can provide information and guidance to physicians interested in retaining professional assistance to navigate changes to their practice. Contact CMA at (800) 786-4262 or at memberservice@cmadocs.org.

RESOURCES FOR BUSINESS COUNSELING SERVICES. Many large companies are struggling to respond to the unprecedented economic disruption our nation is facing, so small businesses that have even fewer resources to dedicate to navigating the economic impacts of COVID-19 must have access to reliable counseling and mentorship services. The federal stimulus provides $275 million in grants to the nation’s network of Small Business Development Centers (SBDCs) and Women’s Business Centers (WBCs), as well as the Minority Business Development Agency’s Business Centers (MBDCs), to provide mentorship,
guidance and expertise to small businesses. The funding will allow SBDCs, WBCs, and MBDCs to hire staff and provide programming to help small businesses and minority-owned businesses respond to COVID-19.

**LEGAL COUNSEL.** The CMA Center for Legal Affairs is ready to provide information about laws related to the practice of medicine and can connect you to physician-friendly attorneys who can advise on changes to your practice. Call the CMA Legal Information Line at (800) 786-4262.

**FINANCIAL PLANNING.** As you explore strengthening your practice and personal finances, working with a financial planner can be a great way to start. Contact CMA and we can help connect you with a trusted advisor who understands physicians' unique needs and get the insights you need to build financial security.

**What’s Next**

Action has been taken at the state and federal level to provide economic relief to individuals, businesses, and health care providers impacted by the COVID-19 pandemic and more relief is expected to be approved as the crisis progresses. As these relief packages are developed, both nationally and at the state, CMA will continue to advocate to include assistance for physicians and their practices. This toolkit will continue to be updated as those relief packages are implemented.

**STATE ACTION.** Governor Gavin Newsom signed emergency legislation on March 17 providing up to $1 billion in funding to help California fight COVID-19. Executive orders have also been signed, which provide economic relief such as 90-day grace period on mortgage payments and extensions on state tax filings.

**FEDERAL ACTION.** Congress has enacted three major legislative packages to address the COVID-19 pandemic. On Friday, March 27, 2020, the President signed the third bill - a $2 trillion bipartisan agreement to address the needs of the American people and health care providers confronting the coronavirus pandemic. It is the biggest economic rescue package in U.S. history. CMA aggressively advocated for additional financial assistance for physician practices, and increased funding for public health and the production of personal protective equipment.

For more details, see [CMA's COVID-19 Federal Economic Relief Legislative Summary](#).

**CMA ADVOCACY.** On March 27, 2020, CMA sent a [letter](#) to the California Congressional Delegation, urging Congress to take additional steps to sustain physician practices during this trying time so they are able to remain on the front lines serving patients.