

COVID-19 financial resources for physicians



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ABSTRACT

The appropriate focus in managing the COVID-19 pandemic in the United States has been addressing access and delivery of care to the population affected by the outbreak. All sectors of the U.S. economy have been significantly affected, including physicians. Physician groups of all specialties and sizes have experienced the financial effects of the pandemic. Hospitals have received billions of dollars to support and enable them to manage emergencies and cover the costs of the disruption. However, many vascular surgeons are under great financial pressure because of the postponement of all nonemergency procedures. The federal government has announced a myriad of programs in the form of grants and loans to reimburse physicians for some of their expenses and loss of revenue. It is more than likely that unless the public health emergency subsidizes significantly, many practices will experience dire consequences without additional financial assistance. We have attempted to provide a concise listing of such programs and resources available to assist vascular surgeons who are small businesses in accessing these opportunities. (J Vasc Surg 2020;72:1161-5.)

Keywords: Coronavirus Aid; Relief and Economic Security Act; Coronavirus Economic Stabilization Act; COVID-19; Pandemic; Virus

The COVID-19 global pandemic has brought a time of grave uncertainty for U.S. healthcare and the greater economy. Although the focus of healthcare providers has been, appropriately, on the access and delivery of care to those affected by the COVID-19 outbreak, many independent specialists will require financial resources to persevere during a time when they are unable to conduct regular business.

A recent survey of 724 physician respondents in the first week of April 2020 reported that 97% of medical practices have been negatively affected directly or indirectly by COVID-19.¹ A 70% decrease in surgical procedures and a 33% decrease in office visit was reported. Importantly, 75% of respondents were in independent practices consisting of fewer than 50 full-time equivalent physicians. The 2017 Society for Vascular Surgery workforce survey, consisting of 714 respondents, found that 44.6% were in academic practice, 23.6% in self-employed private practice, 19.9% in hospital-employed private practice, and 12% in group private practice (Dawn Coleman, personal communication, April 2020). In the context of this

discussion, “independent” vascular surgeons are those in self-employed private practice, group private practice, and, in some cases, hospital-employed private practice, depending on how the employment agreement has been structured. Although all vascular surgeons can benefit from the recent legislation passed by the U.S. Congress, fund disbursement will be different for academic, employed vascular surgeons than for solo practitioners or those working in legal entities in which each vascular surgeon has their own taxpayer identification number. In the present report, we have discussed the various resources currently available to vascular surgeons.

On March 27, 2020, President Trump signed a \$2 trillion economic stabilization package, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which, among other items, provides direct funding to the healthcare industry (including physicians and physician practices) through a number of measures. Most significantly, the Act provides \$100 billion to the Department of Health and Human Services (HHS) Public Health and Social Services Emergency Fund, to be used “for necessary expenses to reimburse, through grants or other mechanisms, eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus.”² Of this total, \$30 billion is currently being disbursed directly to providers (payments began April 10, 2020) for the purpose of reimbursing expenses and lost revenue related to COVID-19. These funds, which are based on the provider’s share of their 2019 Medicare fee-for-service reimbursement, do not have to be repaid.^{3,4} These advances (much like the other programs discussed in the subsequent paragraphs) will be remitted to the organization whose taxpayer identification number bills Medicare. Consequently, individual physicians will not receive these payments directly.²

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Regarding the remaining \$70 billion, the federal government is working to provide targeted provider disbursements to those providers most affected by the pandemic, such as rural providers and those who provide care to large numbers of Medicaid and uninsured patients.² Physicians and others employed, or whose companies are owned and/or operated, by private equity firms will not be eligible for the Paycheck Protection Program (PPP).

In addition to direct healthcare provider payments, the CARES Act implemented a number of temporary small business administration (SBA) loan programs for small businesses (including physician practices; Table)⁵:

1. Paycheck Protection Program (PPP), to which \$349 billion was allocated
2. Emergency Economic Injury Disaster Loans (EIDL)
3. Coronavirus Economic Stabilization Act
4. Small Business Debt Relief Program

The HHS has also taken agency action, separate from Congress, to distribute almost \$34 billion to providers through the much-expanded Accelerated and Advance Payment Program.⁶ Before the COVID-19 pandemic, this program had approved only 100 requests for accelerated or advance payment during the previous 5 years.⁷ Since approximately April 1, 2020, the Centers for Medicare and Medicaid Services has approved more than 17,000 such requests, with payments issued within 7 days.⁶ Additional information on these programs can be found in Appendices 1-4 (online only), including the relief fund payment terms and conditions; PPP borrower application form; EIDL disaster application process; and accelerated and advance payment program (table of Medicare administrative contractors, their contact information, and their specific instructions and forms for each region).

A couple of noteworthy points regarding these programs:

1. Businesses are allowed to obtain loans under both the PPP and the EIDLs, as long as they cover different expenses⁵
2. Providers who receive more than \$150,000 in total federal government funding related to COVID-19 will be required to submit a report to the HHS disclosing the total amount received and an itemized list of how the received funds were spent⁷

Although not immediate, physician practices might also be eligible for various tax credits. For example, the Employee Retention Tax Credit provides an employee retention tax credit of 50% on wages, up to \$10,000 per employee. This credit is applicable to wages paid or incurred between March 13 and December 31, 2020, and to a portion of the cost of employer-provided healthcare benefits.⁸ Eligible businesses include those who are not in receipt of a PPP loan and whose operations have

been fully or partly suspended owing to a stay at home order or whose gross receipts have declined by more than 50% compared with same quarter in 2019.

In addition, many of the laws that affect vascular surgeons have been relaxed and new rules have been written for this national emergency. These include the following:

1. A 20% increase in Medicare payments to hospitals related to treatment of COVID-19 inpatients²
2. A suspension of Medicare sequestration (which will effectively increase most Medicare provider reimbursements by 2%) through the end of 2020
3. An expansion of the scope of practice for nonphysician providers and medical residents
4. An expansion of reimbursable telehealth services, allowing Medicare providers, including vascular surgeons, to provide more than 80 additional services to beneficiaries, regardless of whether the beneficiary is in a rural community or the provider is located out of state (these services are currently allowed to be provided via nonsecure applications, such as Skype and Facetime)⁹
5. An expansion of state Good Samaritan laws to protect from liability those physicians providing volunteer medical services relating to the diagnosis, prevention, and/or treatment of suspected or actual COVID-19³
6. A relaxation of certain drug approval requirements; for example, the Food and Drug Administration must expedite drug applications and inspection reviews to avert or alleviate a drug shortage⁵
7. Ambulatory surgery centers can now enroll and bill as a hospital, or alternatively, contract with hospitals to provide hospital services¹⁰
8. Physician-owned hospitals can increase the number of beds¹⁰
9. Hospitals can provide benefits and support to medical staff (eg, child care services, laundry service, multiple daily meals)

According to the Medical Group Management Association, independent physician practices have already experienced an average decline in patient volume of 60% and revenues of 55% since the beginning of this public health crisis.¹¹ Furthermore, 48% of the surveyed practices have been forced to enact temporary furloughs, and 22% have permanently laid-off staff.¹¹ Should healthcare providers and, in particular, physicians, not receive additional funding, the COVID-19 pandemic could decimate the U.S. independent physician workforce. A *HealthLandscape* and American Academy of Family Physicians study estimated that ~60,000 family practices will close or significantly scale back, laying off 800,000 employees, if the situation remains the same.^{12,13}

The next steps to managing the financial challenge for vascular surgeons depend on how long the mitigation steps will continue nationwide. Although it is impossible to predict the long-term consequences for small- and medium-size vascular surgery practices, insolvency is a

Table. Federal resources announced related to COVID-19 pandemic

Program	Description	Requirements	Must funds be repaid?	Interest rate (if applicable)	Repayment timeframe	Resources
Public Health and Social Services Emergency Fund (the Relief Fund)	\$30 billion in grants dispersed to hospitals and physician practices based on their share of overall 2019 Medicare FFS spending; distributed to organizations, not to individuals	Must have received Medicare FFS reimbursement in 2019; funds must be used for healthcare-related expenses or to compensate for lost revenues related to coronavirus; applicant must agree to certain terms and conditions	No	NA	NA	https://www.hhs.gov/provider-relief/index.html and https://www.hhs.gov/sites/default/files/relief-fund-payment-terms-and-conditions-04132020.pdf
Accelerated and Advance Payment Program	Payments funded by Medicare Part A and Part B trust funds through Medicare administrative contractors; available to Medicare providers within 7 days of request, for ≤3 months of Medicare reimbursements; NOTE: Centers for Medicare and Medicaid Services has announced it is reevaluating and suspending its program for now.	Applicant must have billed Medicare within 180 days of request; practice must not be in bankruptcy; practice must not be under active medical review or program integrity investigation; practice must not have any outstanding delinquent Medicare overpayments	Yes	0% if paid within 210 days; 10.25% with extended repayment plans	Year for hospitals; 210 days for other providers	https://www.cms.gov/files/document/Accelerated-and-Advanced-Payments-Fact-Sheet.pdf
PPP	Beginning April 3, 2020, small businesses can apply for a forgivable loan through an SBA-approved lender for ≤2.5 times average payroll to cover ≤8 weeks of payroll and other expenses (mortgage/rent; utilities); retroactive to February 15, 2020, and available through June 30, 2020; can be deferred for 6 months	Practices with <500 employees, sole-proprietor, independent contractor, or otherwise self-employed; for the loan to be forgiven: must use ≥75% of loan proceeds for payroll; number of full-time employees must be maintained (or hired back by June 30, 2020); amount of staff salary/wages must be maintained	It depends	1%	2 Years	https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses ; and https://home.treasury.gov/system/files/136/PPP-Fact-Sheet.pdf
EIDL	Small businesses can apply for loans ≤\$2 million, with an advance of ≤\$10,000 to cover a temporary revenue loss; the loan advance can be used for paid sick leave, payroll, rent/mortgage, etc; can be deferred for 1 year	Practices with <500 employees, sole-proprietor, independent contractor, or otherwise self-employed	Yes	3.75% for small businesses; 2.75% for nonprofits	≤30 Years	https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses ; https://www.uschamber.com/co/run/business-financing/sba-disaster-assistance-loans-guide ; and https://covid19relief.sba.gov/#/?v=1.0c2c3c294e4af074736a829aa1d5945b50008d45

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Table. Continued.

Program	Description	Requirements	Must funds be repaid?	Interest rate (if applicable)	Repayment timeframe	Resources
CESA	Includes the Main Street Lending Program, authorizing the Treasury Secretary to make loans, investments, and subsidies for mid-size businesses (500-10,000 employees); no principal or interest due for 1 year	Must not have >10,000 employees or 2019 revenue >\$2.5 billion; must not have otherwise received "adequate economic relief" via loans or other guarantees under the CARES Act; funds must be used to retain ≥90% of workforce (at full compensation) until September 30, 2020	Yes	Secured overnight financing rate plus 2.5%-4%	4 Years	https://www.akerman.com/en/perspectives/main-street-lending-program-offers-additional-relief-to-small-and-mid-size-businesses-under-the-cares-act.html#_ftn1 ; and https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200409a7.pdf
Small Business Debt Relief Program	Immediate debt relief to small businesses with non-disaster SBA loans; SBA will automatically cover all current and new loan payments for 7(a), 504, or microloans for 6 months	Practices with <500 employees, sole-proprietor, independent contractor, or otherwise self-employed; only applicable to SBA 7(a), 504, or microloans; must take out a new loan by September 26, 2020	Yes	NR	NR	https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses ; and https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-debt-relief

CARES, Coronavirus Aid, Relief, and Economic Security; CESA, Coronavirus Economic Stabilization Act; EEIDL, Emergency Economic Injury Disaster Loan; FFS, fee-for-service; NA, not applicable; NR, not reported; SBA, small business administration.

possibility, causing surgeons to seek safety and employment with larger groups or healthcare systems. However, the short-term financial implications are worrisome. On April 16, 2020, the SBA announced that the \$349 billion program to assist small businesses had run out of funds.¹⁴ Already 1.1 million applications asking for \$257 billion had been approved by the SBA.¹⁵ What is not yet clear is how much of that amount had been claimed by physicians.

In the coming weeks, vascular surgeons can expect the federal government to distribute the remaining \$70 billion in the relief fund to providers, although how that amount will be allocated has yet been determined. Furthermore, it is possible that Congress passes a fourth stimulus plan after political posturing.¹⁶ Hospital associations have been advocating for an additional \$100 billion in grants to hospitals, with community health centers seeking \$7.6 billion in emergency funds.¹⁷ Rural health providers, although not requesting a specific amount of money, have been asking for 20% of any additional funds to be allocated directly to rural providers (reasoning that they serve 20% of the U.S. population).¹⁷ On the individual physician level, a number of professional physician associations, including the American Medical Association, have been imploring HHS Secretary Alex Azar to provide financial relief to physicians in the form of

1-month's worth of revenue to every Medicare-enrolled physician and advanced practice clinician.¹⁸ Similarly, the American Academy of Family Physicians has been lobbying Congress to provide hazard pay for primary care physicians in the amount of \$200 per attributed Medicare beneficiary.¹⁹ The results of any such advocacy, however, remain to be seen. From a surgeon's perspective, much better coordination between the American College of Surgeons and all surgical specialty organizations, including our Society, must be at the forefront to assist our members in accessing and applying for these and any other resources to help practices, especially those not associated with employment at major health systems.

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