



CARES Act – Practical Considerations for Healthcare Providers

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The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provides healthcare organizations with access to relief funds to assist with the financial burden associated with the diagnosis, testing, and caring for individuals with COVID -19. Included in these funds is **access to \$100 billion for the Public Health and Social Services Emergency Fund** which will provide reimbursement to providers for COVID-19 related expenses and lost revenues due to the outbreak. These funds will be made available through grants or other mechanisms necessitating the accurate tracking and reporting of related expenses and lost revenues. Timeliness for submitting for these funds will be key for healthcare providers to secure dollars.



Additional relief will be provided in the form of reimbursement enhancements/cash accelerations, loan options, and tax savings to assist in offsetting the impact of the COVID-19 pandemic.

Freed Maxick's Healthcare Team is comprised of healthcare operations, revenue cycle, reimbursement, finance, and audit, tax, data analytics, and information technology professionals who can assist in ensuring that your health system is capitalizing on the available revenue enhancements and funding to recoup expenses and lost revenue related to COVID-19 as well as understanding the overall impact the CARES Act has on your organization.

The absence of timely and clear guidance from HHS, CMS, SBA, and other agencies is already a major challenge. We strongly recommend that every provider immediately review the provisions of the CARES Act to evaluate opportunities that may be beneficial.

Below, Healthcare providers will find areas to consider in optimizing the planning, tracking, and reporting of expenses and lost revenues associated with the COVID-19 pandemic.

Trust earned.



Operational Implications

COVID-19 PANDEMIC EXPENSES

Careful tracking and reporting will be necessary in order to access the monies available through the Public Health and Social Services Emergency Fund. The following expenses incurred for the diagnosis, testing, and caring for patients with COVID-19 should be considered for distinct tracking mechanisms:

- **Payroll Expenses**
 - Increased staffing associated w/ increased bed capacity
 - Overtime / Bonus Pay
 - Premium pay at bedside
 - Orientation / Training Cost
 - Additional staffing resources to screen employees, vendors, and visitors
- **Childcare costs for employees**
- **Additional expenses associated with Public Relations**
- **Expenses associated with establishing and operating Emergency Response Centers**
- **Incremental Supply Cost**
 - Personal Protection Equipment (PPE)
 - Increased purchasing costs to build stock piles of supplies and equipment
- **Lab Test Costs – increased costs in lab tests for COVID-19**
 - 2019 Novel Corona Virus NAA Test
 - Antibody titer
- **Lease / Capital costs**
 - Equipment (i.e. Ventilators, Beds)
 - Creation of temporary or recommissioned space
 - Furniture for temporary or recommissioned space
- **Cleaning and sanitization**
- **Costs to enable employees to work remotely**
- **Costs associated with increasing access, including telehealth services**
- **Increased Worker's Compensation claims / paid leave for quarantined staff**
- **Minimum Value Contracts**

LOST REVENUE

Revenue lost due to the COVID-19 pandemic can be recovered through the Public Health and Social Services Emergency Fund. Projected lost revenue in the following service areas should be considered:

Outpatient Providers

- **Elective surgical procedures**
- **Urgent Care Services**
- **Outpatient Clinic/Physician Office Services**
- **Imaging Services**
- **Therapy Services (PT/OT/SP)**
- **Lab Services**
- **Variance in reimbursement for telemedicine services compared to traditional outpatient clinic visits.**
- **Impact to 340b Programs**
- **Case Management Services**

Inpatient Acute Providers

- **Emergency Room Services**
- **Inpatient Services (reduction in typical admissions to avoid potential for acquiring COVID-19)**
- **Elective Surgical Procedures**

Post-Acute Providers

- **Sub-Acute Rehab admissions**
- **Home Care visits**
- **Therapy Services (PT/OT/SP)**
- **Case Management Services**

Trust earned.

MEDICARE PROVISIONS

- **Telemedicine** – eliminated requirement that patient is treated by the provider in the past three years in order to provide telehealth services.
- **Temporarily suspends sequestration-mandated reductions from May 1, 2020 through December 31, 2020.**
- **20% Add on for Hospital Inpatient Prospective Payment System (IPPS) rate for patients with COVID-19** – Providers should be aware of new ICD-10 diagnosis coding guidelines identifying COVID-19 related diagnoses.
- **Medicare Hospital Accelerated Payment Program** – if eligible, allows most providers to request up to 100% of their Medicare Payments for a 3-month period; Inpatient Acute Care, Children's, and certain Cancer hospitals are eligible for a 6 month period. Critical Access Hospitals (CAHs) can request up to 125%.

IMPACTS TO WAGE INDEX OR MEDICARE/MEDICARE MANAGED CARE REVENUE REDUCTIONS AS A RESULT OF DEFERRAL OPPORTUNITIES

- **Consider the effects of Defined Benefit Plan payments that are not made by 12/31/2020 on the wage index or other revenue opportunities**

UTILIZATION REVIEW

Preauthorization of scheduled surgeries/admissions, concurrent reviews, and retrospective reviews for medical necessity are suspended for 90 days. Note: payers can do retrospective reviews on these claims. (New York State).

- **Process for retro-reviews with payers is labor-intensive**

REIMBURSEMENT OPTIONS FOR COVID-RELATED DIAGNOSTIC TESTING

- **Fee included in existing contract**
- **Fee not included in contract**
 - Cash price included on provider website
 - Newly negotiated rate with Health Plan
- **Ensure that all new COVID-19 related charges/procedure codes are posted on the provider website inclusive of pricing.**

DSH REIMBURSEMENT

- **Delays reduction in payment until December 1, 2020**



Cash Flow Implications

FORGIVABLE SMALL BUSINESS ADMINISTRATION LOANS

Up to \$10M of funding available for qualified employers with less than 500 employees. Funds to be used to pay qualifying costs such as payroll (including benefits), mortgage interest, rent and utilities. Forgiveness predicated on maintenance of employment levels and payment of qualifying expenses.

DEFINED BENEFIT PLAN CONTRIBUTIONS

Any required minimum contributions for single employer defined benefit plans that are due during the 2020 calendar year are not required to be made until January 1, 2021, with accrued interest from the original payment due date to the actual payment date. Additionally, plan sponsors of defined benefit plans may treat the last plan year's adjusted funded target attainment percentage as the percentage applicable to plan years which include the 2020 calendar year for purposes of applying the funding-based limitation on shutdown benefits and other unpredictable contingent event benefits.

EMPLOYER PAYROLL TAX DELAY

The CARES Act will allow employers to defer paying their portion of the social security payroll tax (6.2 percent) otherwise due. The deferral period will start on the date the Act was signed into law (March 27, 2020). It goes through December 31, 2020. The amounts will ultimately have to be paid over to the treasury in two installments. Half of the deferred amount of payroll taxes from 2020 will be due on December 31, 2021, with the remaining half due December 31, 2022.

For COVID-19 updates, visit our resource center:

<https://www.freedmaxick.com/covid-19-2/>

OUR COMMITMENT

Freed Maxick is committed to supporting our clients through this difficult and unprecedented time. It is urgent that health-care providers act now to secure relief for their organization. If assistance is needed implementing strategies or policies and procedures related to the COVID -19 Pandemic please contact your engagement leader or any member of our Healthcare Leadership Team listed here.

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