



Covid-19 Funding Sources and Strategic Considerations for Independent Physicians and Physician Groups

May 2020

Introducing Our Facilitator and Presenters

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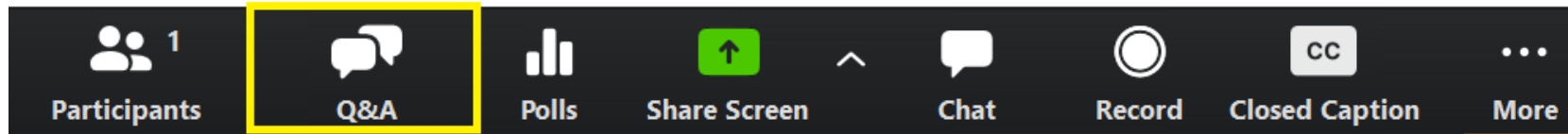
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Housekeeping

- Please enter questions through the Q&A feature in Zoom (screenshot below), and we will answer questions at the end
 - You may also email questions directly at info@copehealthsolutions.com



- Attendees will receive a PDF copy of the presentation, a link to the recording and a written Q&A
- After the presentation, COPE Health Solutions will send out a brief survey—we'd greatly appreciate you sharing any comments or feedback!

Agenda

1. Introductions and Overview
2. Short Term Strategies: Covid-19 Emergency Relief Funding Opportunities
3. Long Term Strategies: Physician Opportunities
4. In Summary
5. Questions & Answers (Q&A)

Overview

Covid-19 has had significant financial impact on **independent physicians and physician groups** through increased expenses and lost revenue.

Physicians need to be strategic while dealing with the emergent challenges created by COVID-19 in order to **ensure access to care, maximize revenue and reduce costs.**

To survive and even thrive post Covid-19, physicians need to ensure financial sustainability in the **short-term** while thinking through **long-term** strategic opportunities.

1

Immediate funding opportunities available for physicians and other anticipated state and federal opportunities

2

Strategic considerations for physicians as they seek to position their organization for future success

Short-Term Strategies: Covid-19 Emergency Relief Funding Opportunities

Relief Fund Availability Tracking

Funding Available for Physicians	Fund Amount	Type	Funding Status	Eligibility
CARES Act: Public Health and Social Services Emergency Fund (provider relief fund)	\$100 billion	Grant	Available	All health providers that bill Medicare
Federal Reserve: Main Street Lending Program	\$600 billion	Loan	Available	Small and medium sized businesses
CARES Act: FCC Covid-19 Telehealth Program	\$200 million	Grant	Available	Non-profit providers
FEMA: Public Assistance Program	\$87 million	Grants	Available	Emergency Departments, non-profit only
Paycheck Protection Program and Health Care Enhancement Act: Amendment to the PPP	\$310 billion	Loan	Available	Small physician practices (<500 employees)
Paycheck Protection Program and Health Care Enhancement Act – Provider Relief	\$75 billion	Grants	Not yet allocated	All health providers
CARES Act: Small Business Loans/ Paycheck Protection Program (PPP)	\$349 billion	Loan	No longer available	Small physician practices (<500 employees)
CARES Act: Accelerated and Advance Medicare Payments	\$100 billion	Grant	No longer available	Hospitals and other providers
CARES Act: Economic Injury Disaster (EIDL)	\$10 billion	Grants and Loans	No longer available – may be replenished	Hospitals, outpatient facilities, rehab centers, LTCFs
Paycheck Protection Program and Health Care Enhancement Act: Economic Injury Disaster (EIDL)	\$10 billion	Grants and Loans	No longer available - may be replenished	Hospitals, outpatient facilities, rehab centers, LTCFs

Available Now: CARES Act Provider Relief Fund Grants

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided \$100 billion for healthcare providers as part of the Public Health and Social Services Emergency Fund. On April 22, 2020, Department of Health and Human Services announced additional allocations of the CARES Act for the Provider Relief Fund.

\$50 billion General Allocation

\$30 billion has been automatically distributed in a value proportionate to providers' share of Medicare fee-for-service (FFS) reimbursements in 2019

\$20 billion distributed to providers to augment their original allocation. Payment is based off the revenue data submitted in Centers for Medicare and Medicaid Services (CMS) cost reports or information submitted through the online portal



Targeted Allocations

Allocation for treatment of the **uninsured**

Allocation for Covid-19 high impact areas
(\$10 billion)

Allocation for rural providers
(\$10 billion)

Allocation for Indian Health Service
(\$400 million)

Available Now: \$20 Billion Provider Relief Fund

\$50 billion of the Provider Relief Fund is allocated for general distribution to providers impacted by Covid-19. The initial \$30 billion was distributed between April 10 and April 17 and the remaining \$20 billion is being distributed beginning Friday, April 24.

1

Eligibility

- Medicare providers who have already received a payment from the Provider Relief Fund are now eligible
- Providers who have not yet received any payments from the Provider Relief Fund may still receive funds in other distributions

2

Information Needed

- Most recent annual tax returns
- Estimate of revenue loss in accordance with HHS guidelines
- Tax Identification Numbers (TINs)

3

Funding Distribution

- Not first-come first-served
- Applications to be approved on a rolling basis
- Funds are grants – not loans

Available Now: Covid-19 HRSA Uninsured Testing and Treatment Fund

Health care providers who have treated uninsured patients with a primary diagnosis of Covid-19 on or after February 4, 2020 can receive reimbursement for those services.



Who Is Eligible?

Providers may submit claims for individuals in the U.S. without health care coverage. Providers will verify and attest that the patient does not have coverage, and no other payor will reimburse them for Covid-19 testing and/or treatment for that patient.



What Is Covered?

For dates of service or admittance on or after February 4, 2020, providers will be eligible to seek reimbursement for Covid-19 testing and testing-related visits for uninsured individuals, as well as treatment for uninsured individuals with a Covid-19 diagnosis.



Important Program Dates

- 27 Apr Sign up period begins for the program
- 29 Apr On-demand training starts
- 06 May Begin submitting claims electronically



Validate TIN

1-2 business days



Set Up Optum Pay ACH

7-10 business days



Add Provider Roster

Available



Add and Attest to Patient Roster

Available



Submit Claims

Available May 6th

Coming Soon: Main Street Lending Program

The Federal Reserve has announced that it is establishing a Main Street Lending Program to support lending to small and medium-sized businesses. The program has 3 lending options with varying loan caps and risk levels. All options are four-year loans with interest rates set to about 3%.

Eligibility

- Businesses with as many as 15,000 employees and as much as \$5B in revenue can apply
- Companies must have at least \$250,000 in earnings before interest, taxes, depreciation and amortization (EBITDA)

Loan 1: New Loan

- Borrow up to \$25 million or amount equal to 4x the company's 2019 adjusted EBITA
- Lender would retain 5% of the loan and sell the remaining 95% to the Fed's facility

Loan 2: Priority Loan

- Borrow up to \$25 million or amount equal to 6x the company's 2019 adjusted EBITA
- Higher ceiling for risk means the lender would have to retain 15% of the loan

Loan 3: Expanded Loan

- Targeted at larger borrowers and would allow a lender to restructure an existing loan of a minimum size of \$10 million
- Borrow up to \$200 million or amount equal to 35% of outstanding and undrawn available debt

Coming Soon: Paycheck Protection Program and Health Care Enhancement Act

The interim stimulus bill was signed into law in late April, and Congress allocated an additional \$75 billion for providers in relief funding.



Provider Relief

\$75 billion in grants is allocated to health care providers to cover Covid-19-related additional expenses or lost revenue.

- The legislation is very similar to the original \$100B allocated to providers in the CARES Act.
- The Department of Health and Human Services (HHS) will allocate the funds to specific programs, so providers should be vigilant about future applications to ensure they're first in line for funds.

Coming Soon: Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act

The latest bill from the House Democrats on released May 12th may include additional opportunities for provider relief funding.



Provider Relief

\$175 billion in grants is allocated to the Public Health and Social Services Emergency Fund to cover COVID-19 costs and support testing and contact tracing.

- The \$175 billion provider relief fund allocation comes with new requirements for necessary documentation such as itemized and quarterly reports.
- This bill is unlikely to pass in its current form as the terms were not pre-negotiated with the Senate or White House.

Audit and Compliance Preparation Considerations

Funding is both subject to audit and potential retroactive rule changes

Prohibitions against “double dipping”

Detailed documentation of revenue loss and Covid-19 related costs, as well as assumptions used to inform applications

If received more than \$150,000, will need to provide quarterly reports to HHS

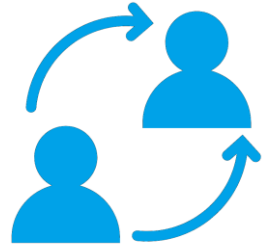
Balance billing prohibited for Covid-19 patients

Funding restrictions (e.g., funds cannot be used for abortions)

Keep in mind the rules may change!

Long-Term Strategies: Physician Opportunities

Federal Encouragement of Clinical Integration



Blanket waivers temporarily permit payments and referrals between physicians and DHS entities if the relationship falls into one of CMS' stated "Covid-19 Purpose" categories during the pandemic

**Stark Law
blanket waivers**



CMS and the Federal Trade Commission (FTC) and the Department of Justice (DOJ) released guidance that encourages hospitals, health systems and medical groups to collaborate with each other in response to Covid-19

**CMS and FTC/DOJ supporting
procompetitive collaborations**

Goals of Local and Regional Collaboration



Opportunity to use clinical integration to rapidly establish a cross-community Covid-19 “safety net” with other health systems that could later serve as a sustainable model for regional collaboration

Establishing long-term partnerships



The new “rules” provide a lawful, clinically effective and market ready means for coordinating and rationalizing health care services across communities

Making a larger community impact

Immediate Strategies for Long Term Growth

Physicians have an opportunity to increase revenues and grow their medical groups

Immediate

Grants and Loans:
Maintain payroll, staffing
and office infrastructure

Approach hospitals/systems
for direct support
(e.g., Stark Waivers)

Short Term Strategic

Attract more physicians and
advanced practitioners to
grow practice or group

Coordinate hospital,
ASC, ambulatory
and virtual services
across the communities

Long Term Strategic

Reinvest into infrastructure
for “next generation” care
models (e.g., telehealth)

Partner with FQHCs,
RHCs, CHCs, CBOs

Considerations for Clinical Integration Strategy

Physicians and practices can leverage the blanket Stark waivers as a stimulant for collaboration and form strategic collaborations with opportunities to grow their own practice, form an IPA with other practices or join a large health systems.

How **consolidated** is the physician market?

How are physicians **organized**?

Do you want to be **employed** or **acquired**?



How many **systems** are in the market?

Are you in a **monopoly environment**?

How much **capital** do you have?

Do you want to be trade **autonomy** for **administrative duties**?

Physician-driven Value-based Opportunities*



Health Plan Negotiations

- Defined value proposition for payors to get better contracts with higher rates
- Move toward value-based payment



Accountable Care Organization

- Group of providers with shared responsibility for the cost, quality and coordination of care
- Risk varies from upside-only, downside-risk corridors, full risk, to total capitation



Independent Practice Association

- Group of physicians engaged in a contractual agreement to provide health care for patients
- Able to negotiate risk-based contracts
- Allows for single signatory authority



Clinically Integrated Network

- Physician-lead network that manages care more effectively for targeted patient populations
- Aims to provide efficient, high-quality services for patients
- Joint negotiations for non-risk contracts with health plans

**Organizations may not be mutually exclusive from one other*

What is Clinical Integration?

In 1996, the FTC addressed antitrust enforcement policy in health care and defined clinical integration as:

“An active and ongoing program to evaluate and modify practice patterns by the network’s physician participants and create a high degree of interdependence and cooperation among the physicians to control costs and ensure quality.”

Features of Clinical Integration

Physician-led and Physician-managed



Connected **health information technology** across all providers and sites of care



Organization-wide utilization and clinical practice guidelines for **variation reduction**



Requirement of **physician participation** in a provider contract and commitment to the program



Organization-wide case and **disease management programs** as clinically appropriate

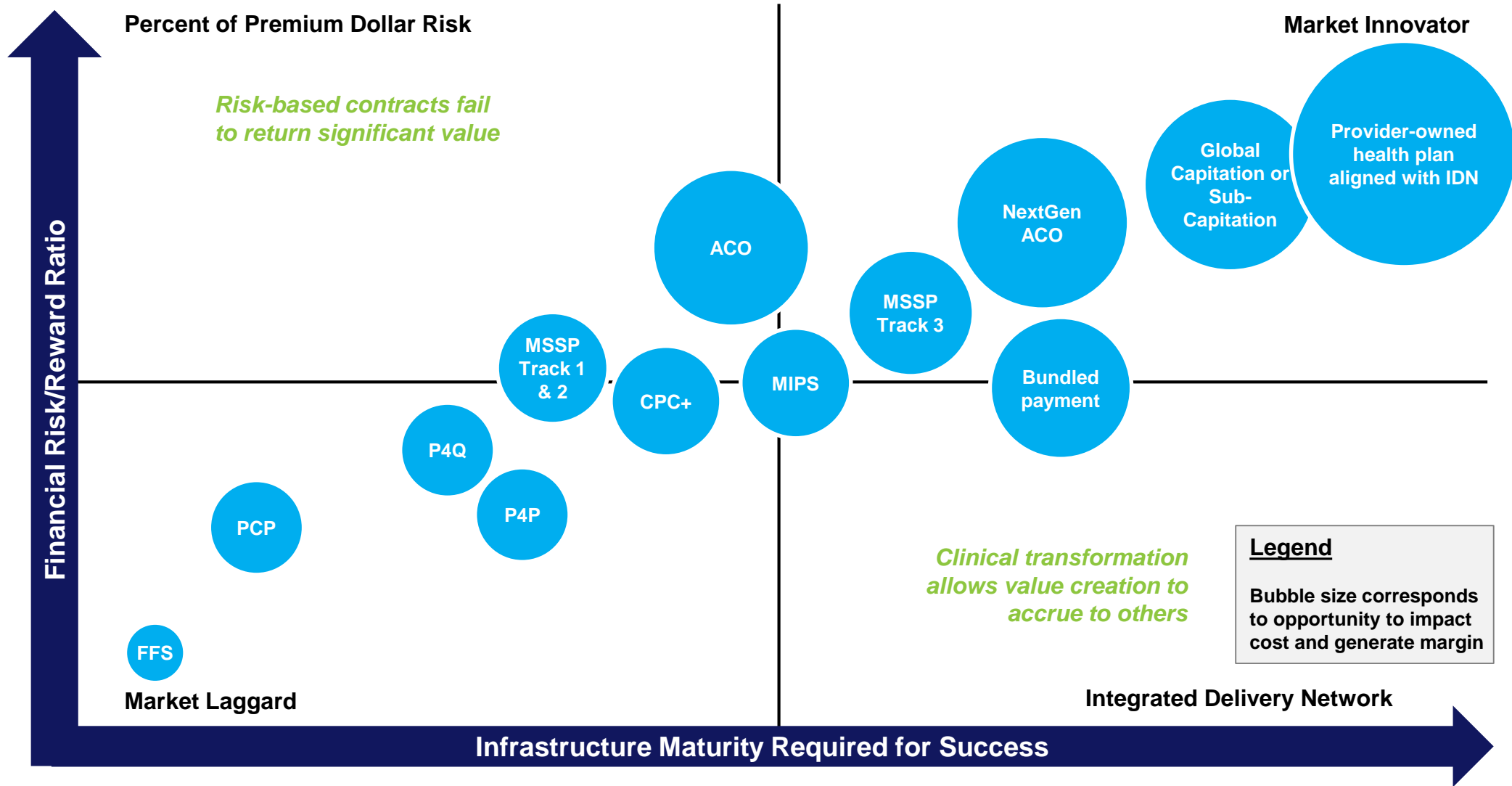


Intent to monitor participating physicians' adherence to guidelines and **achievement of quality targets**



Remediation to enforce physician adherence to program **policies and requirements**

Value-based Reimbursement Continuum



Enduring Impact of Local/Regional Cooperation

Paving the road for long-term success with population health management, value-based payment and overall financial sustainability



- Maintain capacity and **access to treatment** in the community
- Build a platform to **reduce cost and improve quality** in a sustainable fashion
- Establish durable **strategic alliances** among the region's hospitals, physicians and other health care providers
- Provide direct or indirect practice support by **aligning incentives and engaging physicians**
- Utilize networks to **collaborate around future health pandemics**
- Long-term strategy for operational and **financial stability**

Current Market Considerations

There are an array of opportunities available, giving physicians the power to strategically choose what is best for their practice



Emergency
Grants and
Loans



Payor and
Practice Value
Proposition



Practice
Expansion and
Physician
Organizations



System
Partnerships and
Stark Waivers

In Summary

Ask Yourself...

What can you do now to **receive** the most emergency relief **funds** in the shortest amount of time?

How can you best take advantage of **opportunities** to **build a foundation** for **managing population health** amidst the Covid-19 effects on you and your patients for now and the future?

1

Keys to Success

- Access federal and other emergency relief dollars
- Come out on the other side with a strong foundation for success is not a solo effort

2

Documentation

- Organize and prepare to submit applications as soon as they are available
- Help your key partners access funding to ensure partnership in the future

3

Thinking Outside the Box

- Create new collaborations and optimize networks
- Develop different care delivery and reimbursement models for future success

Question & Answer

For more information on how COPE Health Solutions can provide quick, prepared and valuable services during a critical time of need, please contact our team at info@copehealthsolutions.com or [213-259-0245](tel:213-259-0245).

www.copehealthsolutions.com



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