



MEDAXIOM
AN ACC COMPANY

COVID-19 AND THE CV SERVICE LINE – Part 5

How to Survive the Financial Tsunami

April 7, 2020



PRESENTERS:

- Jim Daniel, JD, MBA
- Ann Honeycutt

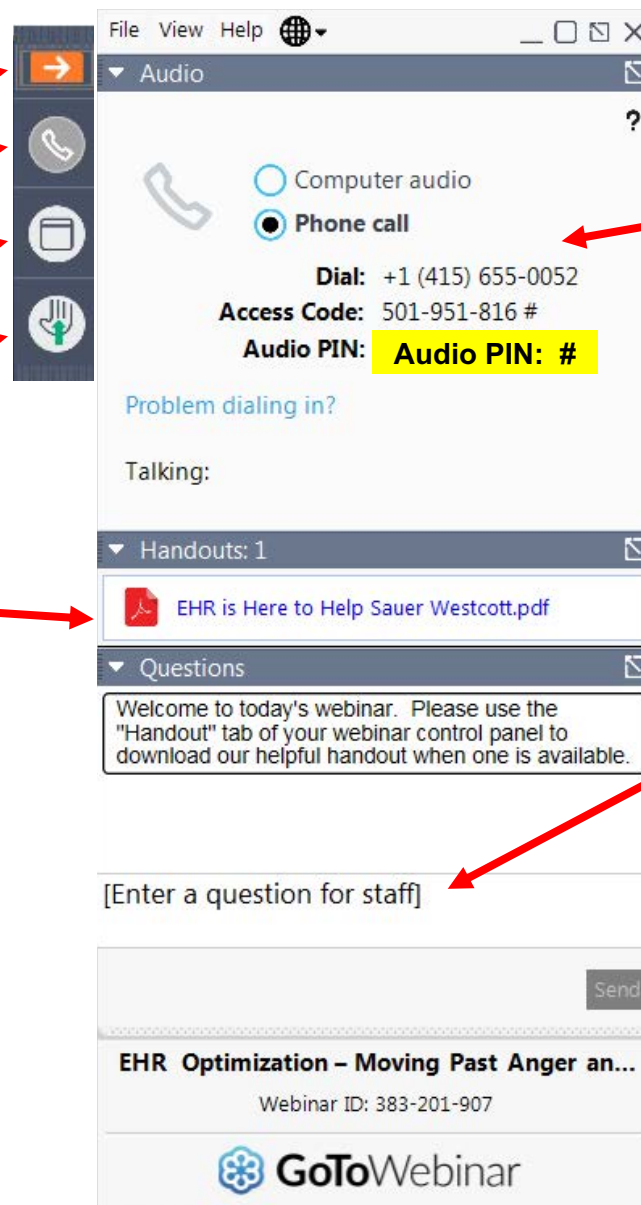
MODERATORS:

- Jerry Blackwell, MD, MBA, FACC
- Joel Sauer, MBA



Attendee Control Panel (Example)

- **Grab Tab** – Click arrow to open/close Control Panel.
- Muted
- View in Fullscreen mode
- **Raise Hand** – When vocal questions/comments are allowed, please select the hand icon to get the presenter's attention. A red arrow means your hand is raised.
- **Handouts** – when available, you are now able to download handout materials from this pane.



- **Audio pane** – Select audio format. Select Telephone or Mic & Speakers devices. When using telephone, be sure to use **your pin number (located here)**.

- **Questions pane** – If turned on by an organizer, attendees can submit questions and review answers. Broadcast messages to attendees will also show here.
 - Type your question and click **Send** to submit it to the organizer



SURVEY RESULTS

MedAxiom Member Poll

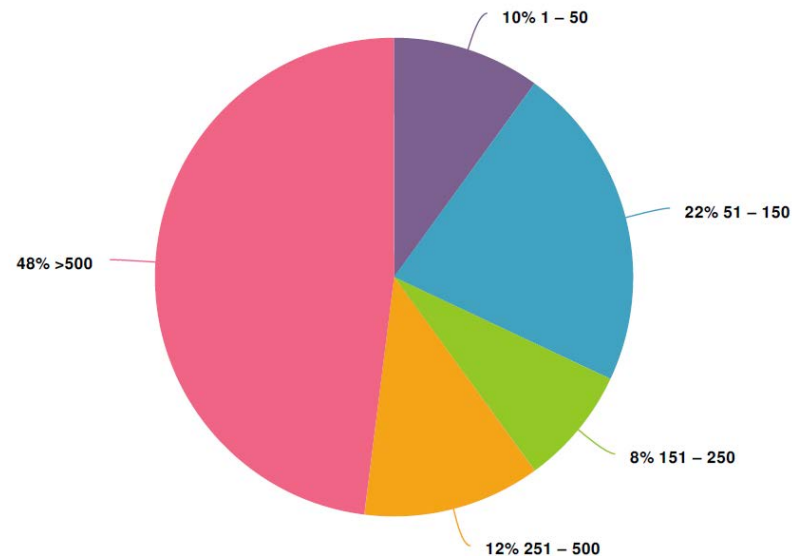


SURVEY DEMOGRAPHICS



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- 51 Responses
- 29 Different States
- Number of Employees:

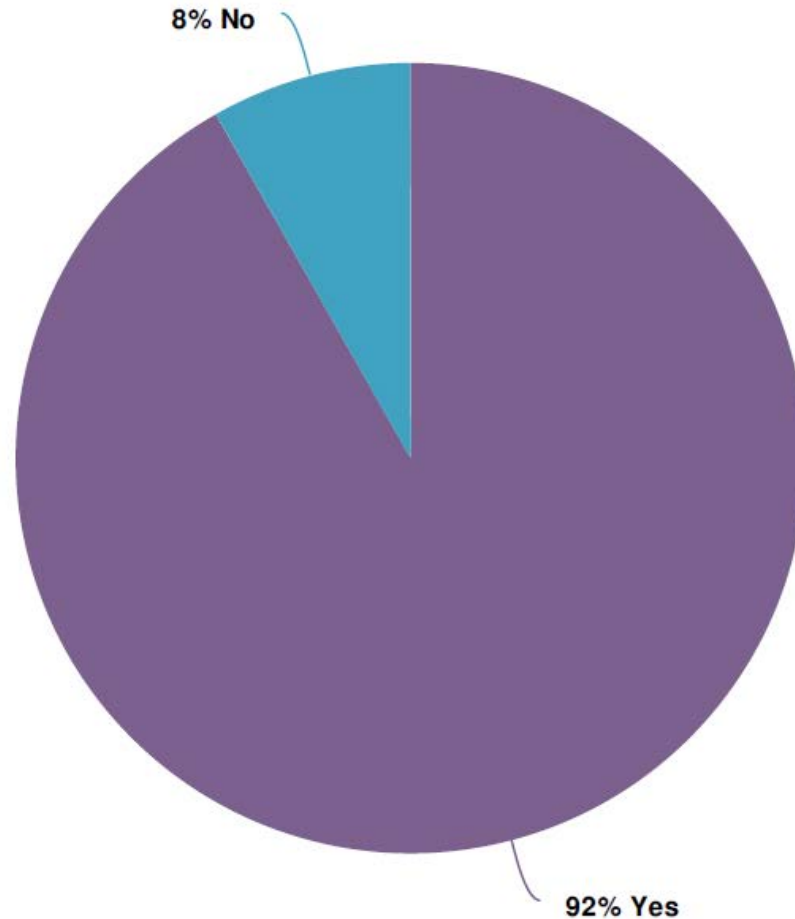


Value		Percent	Responses
1 - 50	<div><div></div></div>	10.0%	5
51 - 150	<div><div></div></div>	22.0%	11
151 - 250	<div><div></div></div>	8.0%	4
251 - 500	<div><div></div></div>	12.0%	6
>500	<div><div></div></div>	48.0%	24
Totals: 50			

STATE ISSUED MANDATE TO ELIMINATE NON-EMERGENT PROCEDURES/TESTING?



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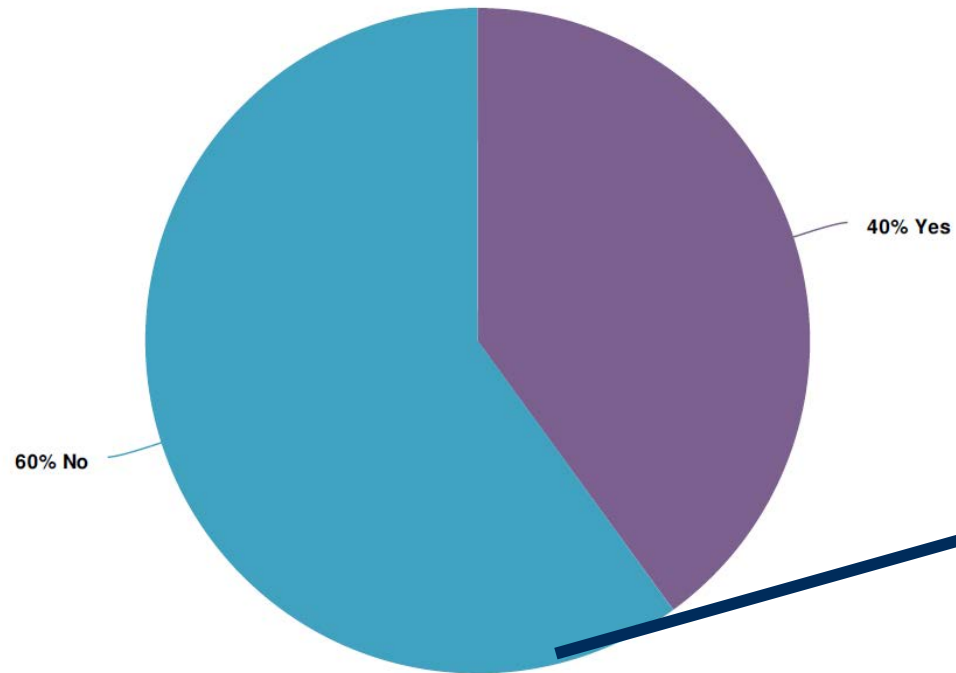
No:

- Kansas
- Louisiana
- Wyoming

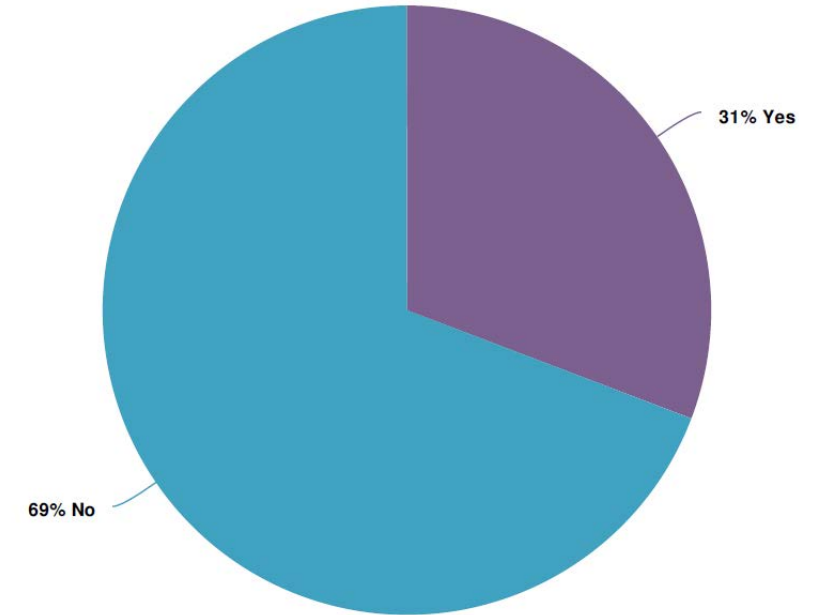
APPLIED FOR PPP LOAN?



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If you have not applied for a PPP loan, do you plan to?



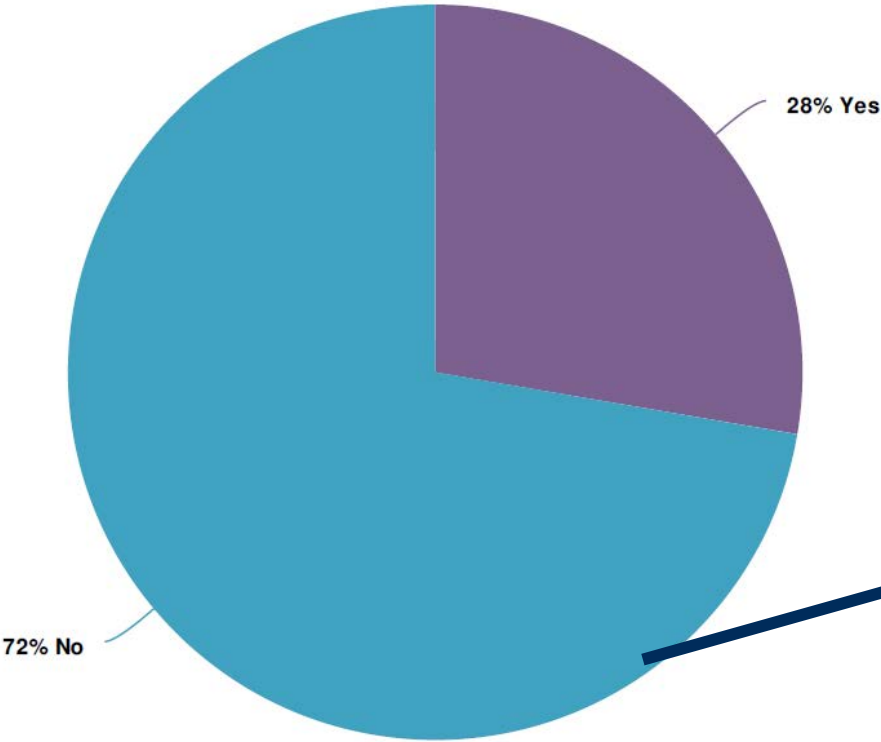
Value		Percent	Responses
Yes	<div><div></div><div></div></div>	40.0%	18
No	<div><div></div><div></div></div>	60.0%	27
Totals: 45			

Value		Percent	Responses
Yes	<div><div></div><div></div></div>	30.8%	8
No	<div><div></div><div></div></div>	69.2%	18
Totals: 26			

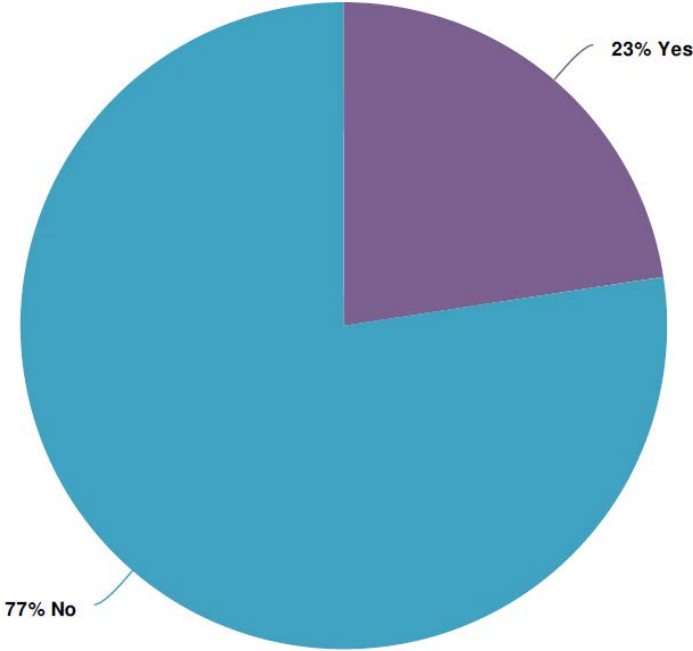
APPLIED FOR MEDICARE PREPAYMENTS?



If you have not applied for Medicare prepayments, do you plan to?



Value		Percent	Responses
Yes	<div><div></div><div></div></div>	27.7%	13
No	<div><div></div><div></div></div>	72.3%	34
Totals: 47			

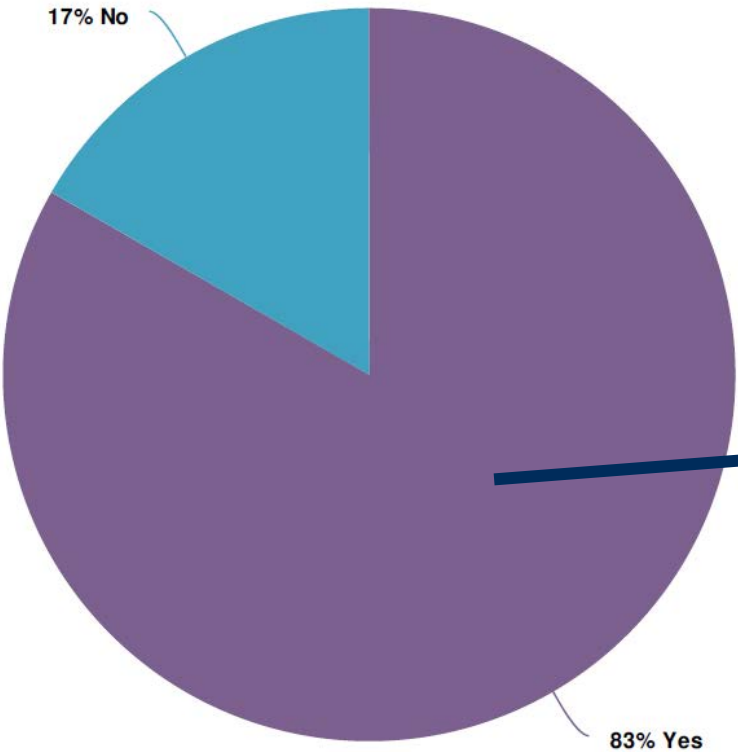




Value		Percent	Responses
Yes	<div><div></div><div></div></div>	22.6%	7
No	<div><div></div><div></div></div>	77.4%	24
Totals: 31			

DIFFICULTIES GETTING SUPPLIES?

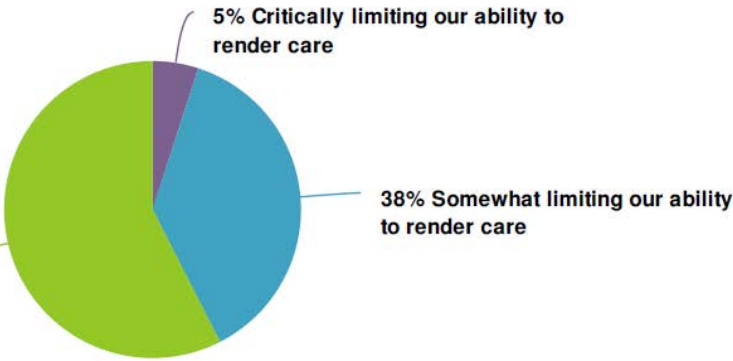





If yes, please describe the level of impact:



Value		Percent	Responses
Yes		83.3%	40
No		16.7%	8

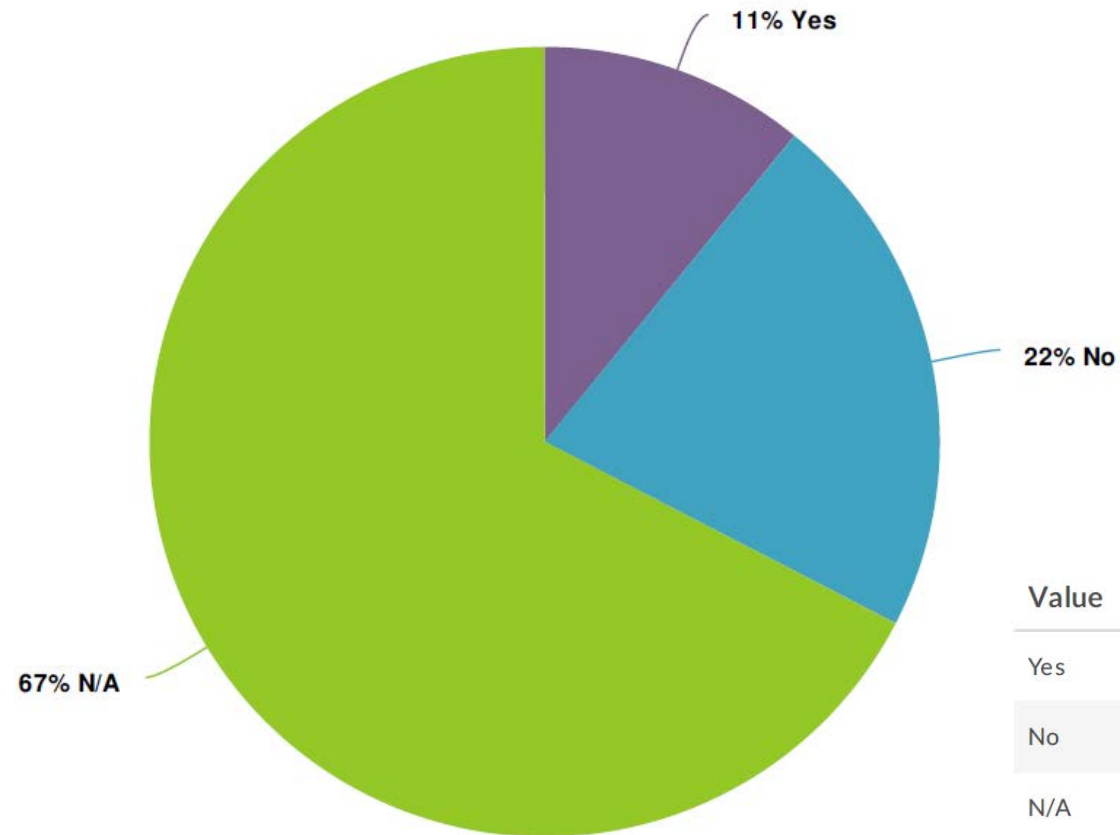
Totals: 48



Value		Percent	Responses
Critically limiting our ability to render care		5.0%	2
Somewhat limiting our ability to render care		37.5%	15
Minimally limiting our ability to impact care		57.5%	23

Totals: 40

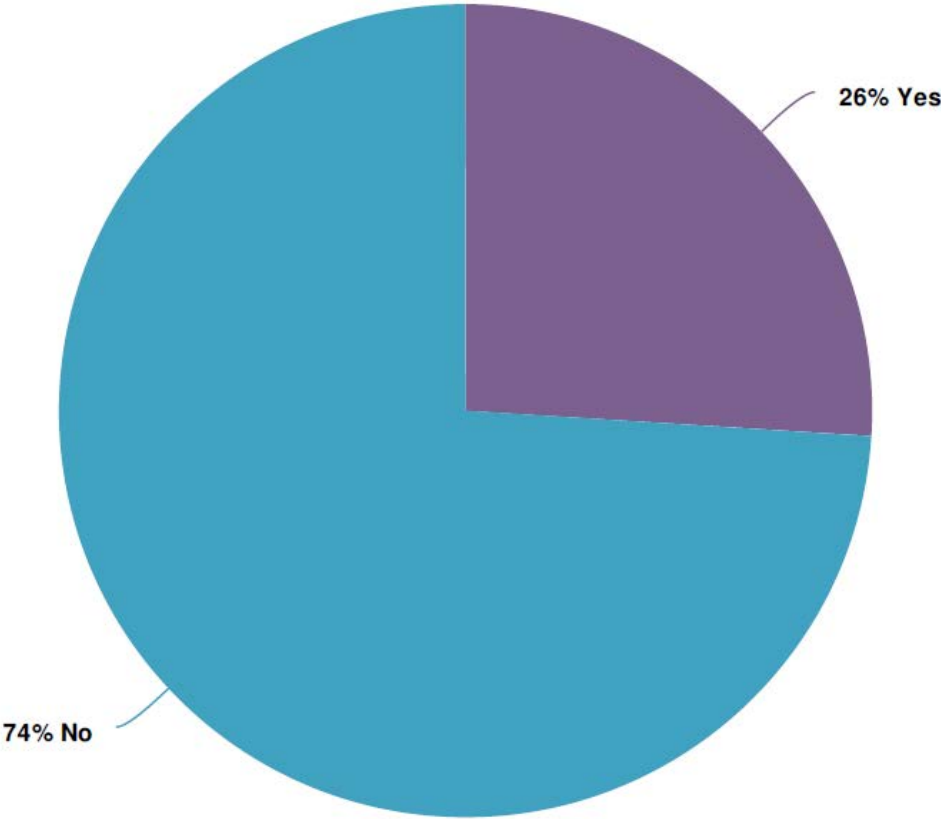
For those with PET CT, have you discontinued generator delivery?



Value	Percent	Responses
Yes	10.9%	5
No	21.7%	10
N/A	67.4%	31

Totals: 46

CONTINUING FACE-TO-FACE ADMINISTRATIVE MEETINGS



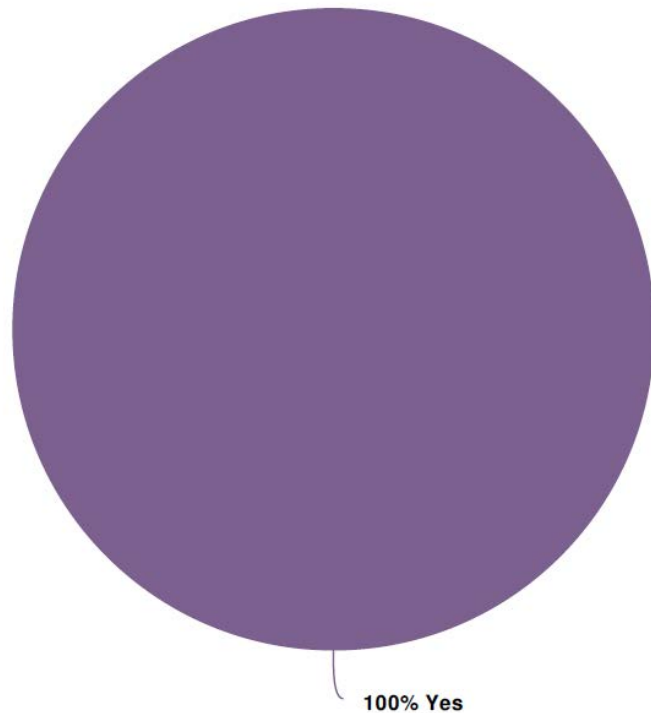
Value		Percent	Responses
Yes	<div><div></div></div>	26.0%	13
No	<div><div></div></div>	74.0%	37
Totals: 50			

VIRTUAL MEETINGS



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If no, have you moved to virtual meetings?



Value

Percent

Responses

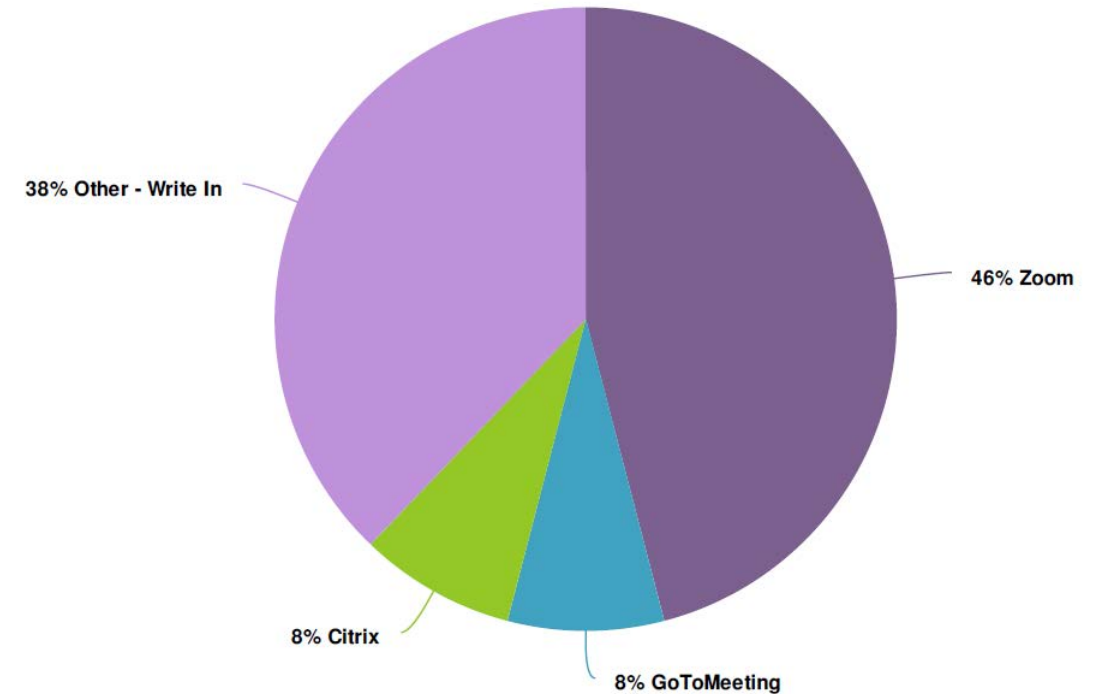
Yes

100.0%

37

Totals: 37

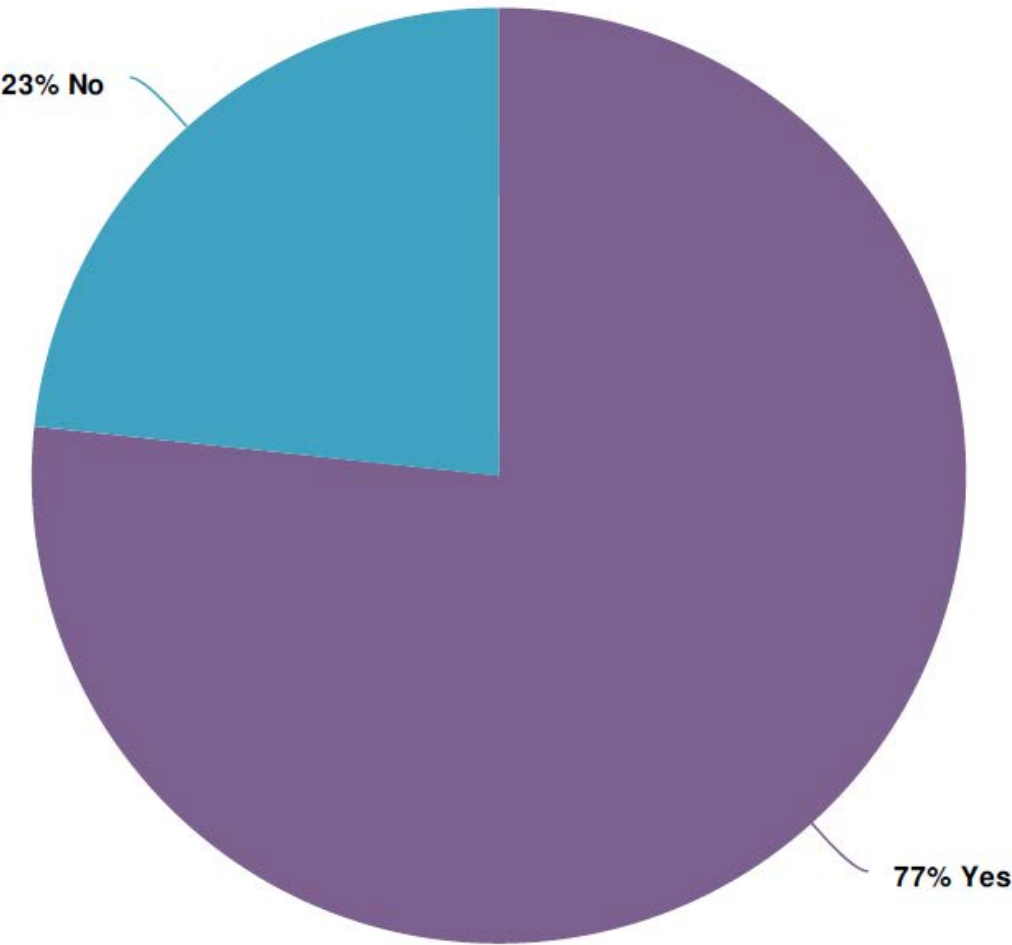
If yes, what platform are you using?



Other:

- Skype
- Microsoft Teams
- WebEx

TERMINAL CLEAN OF CATH LABS AFTER CONFIRMED/SUSPECTED COVID-19 CASES



Value		Percent	Responses
Yes	<div><div></div></div>	76.7%	33
No	<div><div></div></div>	23.3%	10
Totals: 43			



LEGAL UPDATE ON THE RAPIDLY EVOLVING EMERGENCY RULES

James Daniel, JD, MBA



PAYCHECK PROTECTION PROGRAM



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Eligibility Criteria:

- Small business with <500 employees
- Small business that otherwise meets SBA's size standard
- 501(c)(3) with <500 employees (See Slide 23)
- Individual who operates as a sole proprietor
- Individual who operates as an independent contractor
- Individual who is self-employed who regularly carries on any trade or business
- Tribal business concern that meets SBA size standard
- 501(c)(19) Veterans Organization that meets SBA's size standard
- Operating on February 15, 2020
- Had employees receiving salaries and payroll taxes (or independent contractors) on February 15, 2020
- Use of Funds: payroll, rent/lease, mortgage interest, other

AKA: PPP

Note: The 500-employee threshold includes all employees, including full-time, part-time, temporary, seasonal, etc.



The <500-employee rule is applied on a per physical location basis for businesses in the accommodation and food services sector (NAICS 72).



The normal affiliation rules do not apply for businesses operating as a franchise or receiving financial assistance from an approved Small Business Investment Company.



AFFILIATION



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For purposes of determining the number of employees of an applicant to the Paycheck Protection Program, the applicant is considered together with its affiliates



Concerns and entities are affiliates of each other when one controls or has the power to control the other or a third party or parties controls or has the power to control both
13 CFR § 121.301(f)
2016 version



Control does not have to be exercised.



Four affiliation tests under 13 CFR § 121.301(f)

TESTS FOR AFFILIATION



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Affiliation based on ownership, 13 CFR § 121.301(f)(1)



Affiliation arising under stock options, convertible securities, and agreements to merge, 13 CFR § 121.301(f)(2)



Affiliation based on management, 13 CFR § 121.301(f)(3)



Affiliation based on identity of interest, 13 CFR § 121.301(f)(4)

Ownership



An entity is affiliated if it owns or has the power to control more than 50% of the applicant's voting equity



A minority shareholder can be found to be in control if that entity can prevent quorum or otherwise block action by the board of directors or shareholders

Stock Options, Convertible Securities and Agreements to Merge



Treats such options, securities and agreements as though the rights have been granted



Agreements to open or continue negotiations at some later date are not given present effect



Instruments subject to conditions precedent which are incapable of fulfillment or extremely remote probability of the transaction or exercise occurring will not be given present effect

AFFILIATION



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Based on Management



Affiliation arises where the CEO or other individuals controlling the management of one concern also controls the management of one or more other concerns.

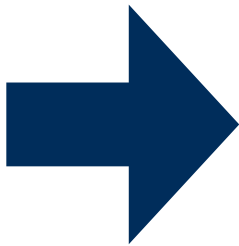


Affiliation arises where a single individual, concern or entity that controls the board or management of one concern also controls the board or management of one or more concerns.



Affiliation arises where a single individual, concern or entity controls the management of the applicant concern through a management agreement.

Identity of Interest



Individuals or firms that have identical or substantially identical business or economic interests may be treated as one party:

- Close relatives - spouse; a parent; or a child or sibling, or the spouse of any such person, 13 CFR § 120.10



- ❖ 501(c)(3)'s
- ❖ Private Equity "Roll Ups"
- ❖ Hospital Subsidiaries (NFP+FP)
- ❖ Ambulatory Surgery Center and other Joint Ventures
- ❖ Professional Services Agreement
- ❖ Management agreements

PRIVATE EQUITY AND VENTURE CAPITAL FIRMS



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PPP Affiliation Rules apply to the number of employees
Common methods by which the PE/VC Firm is an Affiliate of the Portfolio Company (any one is sufficient unless the waiver applies):



Ownership



Negative Control



Identity of Interest

PAYCHECK PROTECTION PROGRAM



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Lenders will require good faith certification that:

- The uncertainty of current economic conditions makes the loan request necessary to support ongoing operations
- The borrower will use the loan proceeds to retain workers and maintain payroll or make mortgage, lease, and utility payments
- Borrower does not have an application pending for a loan duplicative of the purpose and amounts applied for under PPP
- From February 15, 2020 to December 31, 2020, the borrower has not received a loan duplicative of PPP
 - There is an opportunity to fold EIDL made between January 31, 2020 and April 3, 2020 into a new PPP loan
- For independent contractor, sole proprietor, or self-employed individual, lenders will also request certain documents such as payroll tax filings, Forms 1099-MISC, and income and expenses from the sole proprietorship

AKA: PPP

THE STARK REFERRAL PROHIBITION



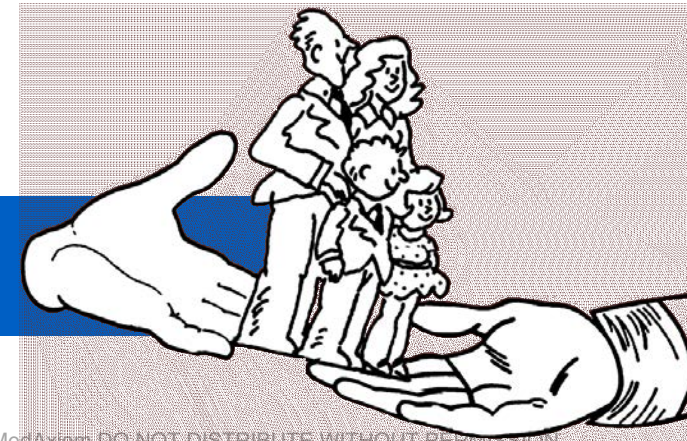
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If a ***physician*** (or his/her immediate family member) has a ***financial relationship*** with an ***entity that provides designated health services*** ("***DHS***"), then:

1 The physician may not refer DHS to the entity for which payment may be made by Medicare; **and**

2 The entity may not bill Medicare for any DHS referred by the physician.

3 **Unless** the financial relationship falls within an exception.



STARK LAW EXCEPTIONS



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If the law is implicated, an exception must be met

- 30+ exceptions to Stark Law



Exceptions apply to ownership and/or investment arrangements

- In-office ancillary services



Frequently used compensation exceptions for physician practices include:

- Lease arrangements (space or equipment)
- Bona fide employment
- Personal services arrangements
- Fair market value (FMV)

COMPENSATION EXCEPTIONS



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There are currently 25 compensation exceptions (42 C.F.R. 411.357)

Key concepts/requirements:

- Compensation is consistent with fair market value
- Compensation is commercially reasonable
- Compensation not based on volume or value of referrals
Compensation is set in advance (percentage-based compensation arrangements are currently permissible in some cases as long as formula is set forth in advance)
- Written arrangement
- Signatures



March 13, 2020 – national emergency declaration, public health emergency

Section 1135 Waivers

- Discretionary
- Blanket

Blanket Waivers – Retro to March 1, 2020

- 18 specific waivers
- Remuneration and referrals in waivers must be solely related to “COVID-19 Purposes”
- Only apply to direct financial relationships
- Do not need to apply to CMS, but document

Broad overview
only
This is an entire webinar!

PROVIDER COMP CHANGES



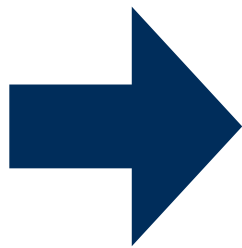
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Practical Considerations

- Employment agreement requirements
- Bylaws (private groups)
- Shareholder vs non-shareholder
- Employment laws

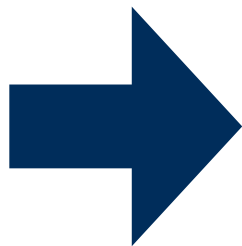
Real Life Examples

Provider Income Support



- Physicians on salary will continue to receive their base but no bonuses at this time
- Physicians on wRVU production will be paid the greater of actual wRVUs or at 80% of their last 6 months average
- APPs are being deployed wherever needed. If no work, they are sent home and paid 70% of salary. They have the option to use PTO to make up the 30% until they get called back.

Provider Support

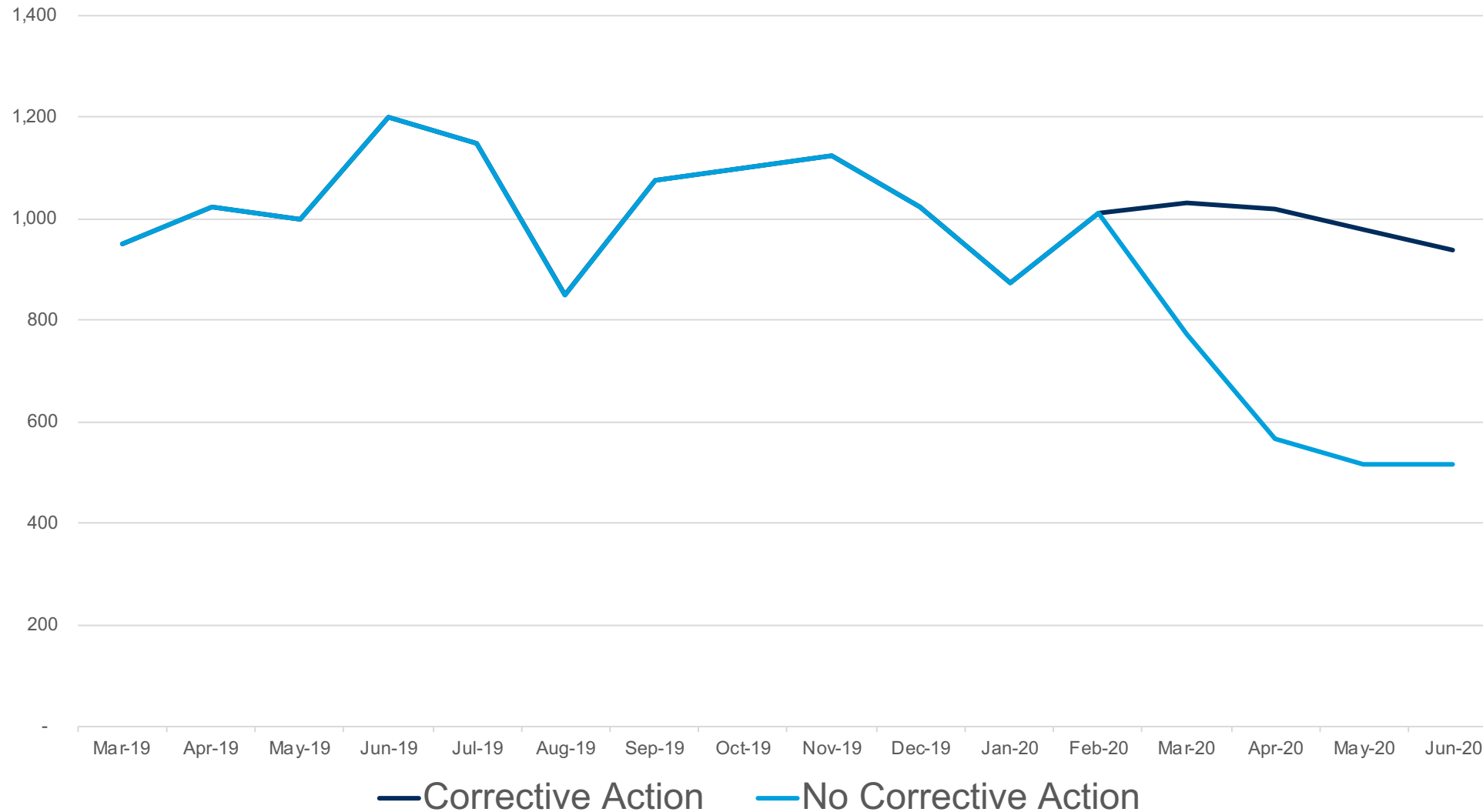


- ➔ For those on production-based contracts, implementing models that utilize historical norms to mitigate production reductions
 - Example: Rolling 12-month average
- ➔ Recognize providers are on the front lines, therefore in harm's way
- ➔ Providers are also critical to rebuild post-COVID

TRAILING 12-MONTHS STRATEGY



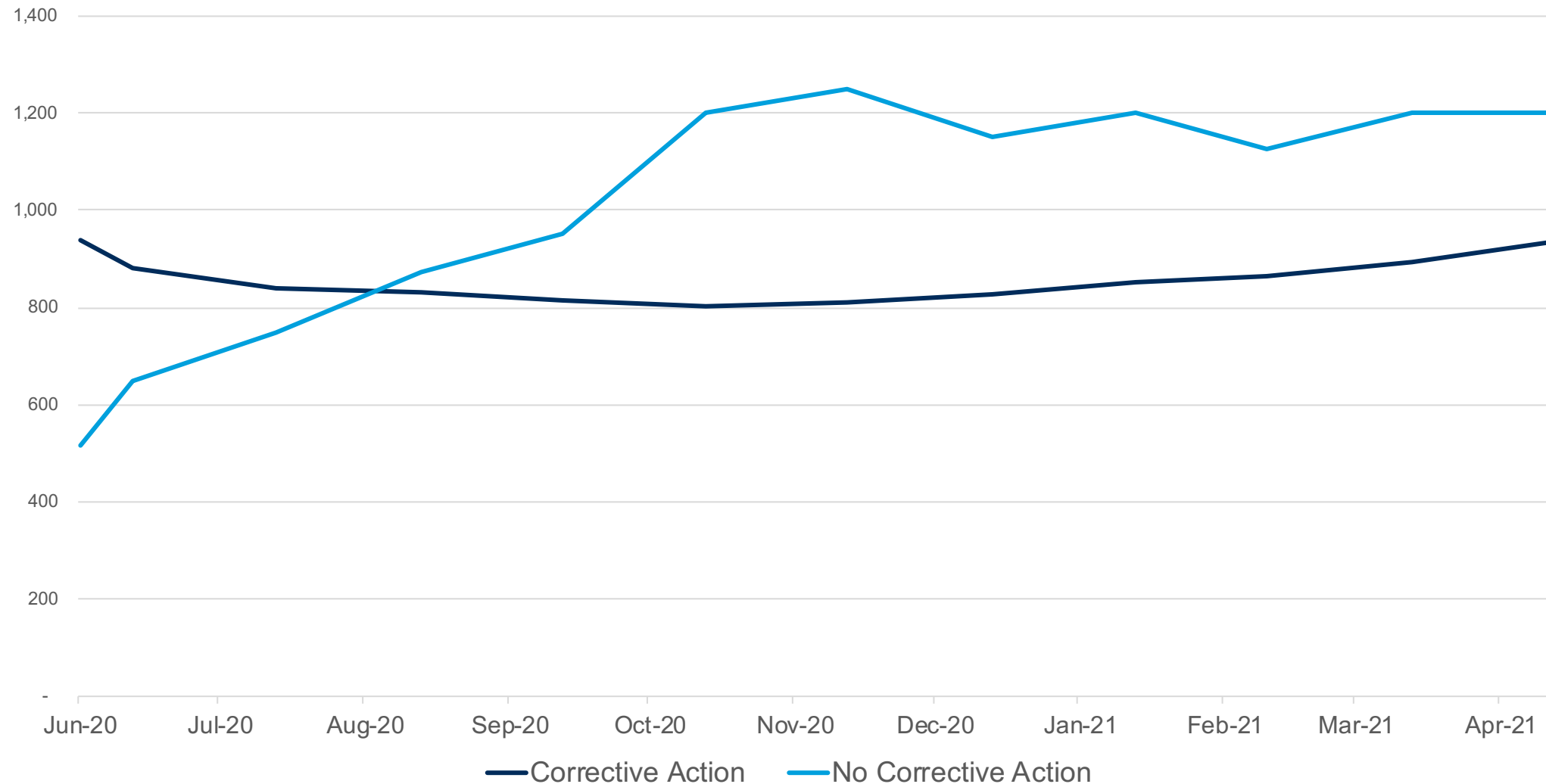
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WHEN DO YOU DISCONTINUE?



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BUILDING A FORTRESS AROUND THE PRIVATE PRACTICE

Ann Honeycutt



IT TAKES A VILLAGE!



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Many thanks to my
other colleagues who
are steering the
private groups in
unchartered territory!



My comments are a
compilation of what all
our MedAxiom
partners are doing not
just my group!



THE NEW REALITY



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Almost all the groups are keeping doors open maybe consolidating some offices

Testing continues with appropriate CV 19 screening and not “annual”; hospitals have halted OP testing so option for patients to keep out of the ER

Social distancing all staff which can be difficult; masks for all effective 4/1

Everyone loves telehealth! (really?) Worry that no one will want office visit in the future

PHYSICIANS ON THE FRONT LINES!



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- ✓ Most groups the MD will suspend any S corp distribution or bonus; reduction in base pay; admin team tied to MD bonus also freeze bonus
- ✓ Option just across the board pay cut for MD and staff
- ✓ Non shareholder physicians do they get pay cut or even furloughed?
- ✓ New MD offers for summer 2020- Do you postpone
 - Legal contract implications to the above not to mention the negative impact in the future on the group!
- ✓ Control summer vacations! Can't have everyone off if census bounces back!
- ✓ How to manage hospital request for MDs to work outside of license in the hospital as an independent group? Check your Med Mal and hospital privileging!
- ✓ Bring MDs back to office for VV and to limit hospital exposure

OFFICE PERSONNEL ON THE FRONT LINES!



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Identify who can work from home and rotate if possible; clinical, call center, business office personnel

Insist on 6ft separation; move patient's chairs out from front desk schedulers total 6ft

NO treadmills if possible but if you have plain ETT patient/staff mask; Lexiscan for nuclear

Daily cleaning of offices; deep cleans on weekends

Need continuous consistent communication with staff especially if any staff positive CV 19. Zoom staff meetings; or Admin rotate individual office meetings with 6 separation; newsletters

REVENUE OPTIONS



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Clearly telehealth, keep doors open, and maintain some degree of testing

Apply for Payroll Protection Program loan (hopefully already done!)

Investigate Medicare Acceleration Program and Advance Payment Program as an option

Reach out to hospitals to ensure will continue with stemi call, co-management and medical directors

Investigate expanding LOC

Model out 60-90d expense; potential reduction in work; and available cash to see how much further you may need to reduce work force



Almost all practices trying to preserve workforce depending on volumes

- Rotate weeks off burn PTO; 32 hr. rotations; eliminate all Part Time PRN
- Furlough allows for employees to get unemployment after PTO exhausted: consider keeping on your health insurance even if they pay in if possible
- Pay reduction across the board
- Freeze hiring and OT

Expense savings under consideration

- Medical Malpractice Mag Mutual offered deferral payment
- Halt capital projects; delay charity care payments (ok by State)
- Discuss rent deferrals; close offices if leases term in next few months
- Reduce or suspend pension 401k contributions if monthly
- Hold PET generator

TRACKING WEEKLY VOLUMES



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Units	% of 2019 Average
Testing	
Office PV	93%
Office Echo's	
Stony Point	103%
Forest Medical Plaza	81%
Bell Creek	93%
Waterside	114%
West Creek	92%
Harbourside	91%
Total Office Echo's	92%
Office Nuclear	
Forest Medical Plaza	99%
Bell Creek	36%
Waterside	60%
Harbourside	64%
Total Office Nuclear	68%
PET	62%

Units	% of 2019 Average
Office Encounters	
New Office	57%
Return Office + CCM + VV	58%
Total Office Encounters	
Hospital Encounter	
Admissions	63%
Discharges	37%
Hospital Consults	89%
Hospital Visits	57%
Total Hospital Encounters	59%
Procedures	
Angioplasty	106%
Cath	58%
EP	15%
Pacemakers	50%
PV Procedures	34%
Charges	
Hospital Non Invasive	71%
Total Charges	70%

5 Tips to Survive COVID-19

- 1) Establish a rapid process — as well as a clear chain of command — for decision-making and planning.
- 2) Determine whether your insurance policy covers COVID-19-related losses, and document all losses and expenses to make a claim.
- 3) Develop a financial contingency plan based on estimates of the minimum cash flow needed to stay afloat.
- 4) Proactively communicate with vendors, landlords and creditors in the event that a business slowdown could trigger a default situation.
- 5) Consolidate essential administrative and coding resources into a single document for remote workers.

OPTIONS OF LAST RESORT



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Whiskey distiller in Richmond doing hand sanitizers but smells like moonshine...



Monitor State lockdown of ABC stores! Forget social distancing if closing!



JOIN US FOR PART 6!



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Transforming Cardiovascular Care, Together.

COVID-19 and the CV Service Line: Updated Telehealth Billing and Operational Considerations - Part 6

April 9, 5 - 6:30 p.m. ET



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Q&A