FQHC COVID-19 FINANCIAL RESPONSE STRATEGY

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TODAY’S SPEAKERS

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GOALS FOR TODAY

• Acknowledge the business and community stressors being caused by the pandemic

• Provide a framework for evaluating/responding to the business impact caused by COVID-19

• Offer a framework for “weekly” cash flow projections

• Discuss actions to begin to mitigate the financial stressors for your business - “Extending The Runway”

• Review recent Government developments/relief efforts relevant to the FQHC industry

• Telehealth during COVID-19
# Lessons Learned from Past Disruptions

<table>
<thead>
<tr>
<th>Near Term Disruption</th>
<th>Business Response</th>
</tr>
</thead>
</table>
| Drop in Demand       | • Things you should check-on or do in this moment that are mission critical to survival  
| Credit Tightening    |   • Example: Evaluate your cash position |
| M&A Impact           | • Things you should do to steady the ship after you have solved your immediate needs  
| D&O Duties & Liabilities |   • Example: Assess remote capabilities |
| Available Relief from Courts | • Things you could do to enhance your competitive position or respond to future market shocks  
| Policy Changes       |   • Example: Evaluate collaborations and partnerships |
|                      |                  |

- **Now (Triage)**
  - Things you should check-on or do in this moment that are mission critical to survival
    - Example: Evaluate your cash position
  - Things you should do to steady the ship after you have solved your immediate needs
    - Example: Assess remote capabilities
  - Things you could do to enhance your competitive position or respond to future market shocks
    - Example: Evaluate collaborations and partnerships
NOW. NEXT. NEW. FRAMEWORK

RAPID RESPONSE TO COVID-19 BUSINESS DISRUPTION

NOW - The part of the framework that’s most urgent. For some FQHCs, addressing the NOW will be a matter of survival. Energies are focused on the critical factors related to cash, communication, and control that are needed to manage through the immediate uncertainty, set priorities, and move toward stabilizing operations.

NEXT - Transition from the urgent focus needed to stabilize the center’s survival to the actions that will frame the success of the center in the coming months and years. Focus shifts to the key processes, technologies, services, supply chain issues, and other priorities that will shape the NEXT stage of your center.

NEW - In a new post-disruption healthcare environment, leadership will need to take action and revisit decisions as if they were NEW. From finding capital sources to leading a 100% remote workforce to determining an evolved long-term strategy, needed to operate in a post-disruption healthcare environment.
# NOW. NEXT. NEW. FRAMEWORK

<table>
<thead>
<tr>
<th>Functional Area</th>
<th>NOW</th>
<th>NEXT</th>
<th>NEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>Triage NOW, See NEXT, Embrace NEW</td>
<td>Prioritize collaboration, Focus on community.</td>
<td>Think about new future business models</td>
</tr>
<tr>
<td>Financial</td>
<td>Pull the trigger(s) before it’s too late</td>
<td>Drive connection to promote agility</td>
<td>Fuel new revenue streams through finance strategy</td>
</tr>
<tr>
<td>Operational</td>
<td>Panic is the enemy of focused action</td>
<td>Commit to a culture of continuous improvement</td>
<td>Balance innovation and agility</td>
</tr>
<tr>
<td>Digital</td>
<td>Apply existing tools to create new solutions</td>
<td>Enable efficiency and visibility across your organization</td>
<td>Digital collaboration environments - Teams, Slack, Zoom, etc.</td>
</tr>
<tr>
<td>Legal/Tax/Compliance</td>
<td>Do the right things</td>
<td>Revisit risk and compliance landscape and changes</td>
<td>Ingrain counsel as a strategic partner</td>
</tr>
</tbody>
</table>

**IMPLEMENTING THE NOW. NEXT. NEW FRAMEWORK**

**Step 1:** Take action **NOW** with a Rapid Assessment to identify your urgent needs and focus priorities.

**Step 2:** Strengthen your position with **NEXT** steps that enable your organization to grow and transform.

**Step 3:** Uncover the potential to help you thrive in a **NEW** future.
ACT NOW TO MANAGE UNCERTAINTY

Triage Tools Require Focus

- **Cash**
  - Assess Runway
  - Project Scenarios
  - Determine Plan
  - Conserve/Extend
  - Payments
  - Credit
  - Collections
  - Claims

- **Communicate**
  - Key Stakeholders
  - Uniform Message
  - Frequency
  - Transparency
  - Compassion
  - Walk the Talk

- **Control**
  - Know Cash Position
  - Track KPIs
  - Patient/Supplier Collaboration
  - Remove Waste
  - Technology
  - Regulatory Awareness

Now (Triage)

Next (Transition)

New (Transform)
IDENTIFY YOUR FINANCIAL STRESSORS

Operational Stressors

Supply Driven
- Labor / Employees
- Raw Materials / Inventory
- Capital
- Patients
- Services
- Utilization Changes

Demand Driven

Financial Stressors
- Tightened Liquidity
- Decreased Visits
- Lengthened Receivables
- Tightened Credit
- Patient Non-payment
- Covenant Breaches
- Vendor Pressure
- Lack of Inventory

Demand Driven Stressors
- Supply Driven Stressors
ASSESS THE IMPACT OF STRESSORS ON THE BUSINESS

MANAGING THROUGH UNCERTAINTY

PULL THE RIGHT LEVERS TO EXTEND LIQUIDITY
“NOW” - WEEKLY CASH PROJECTIONS

- Response to the COVID-19 pandemic requires FQHCs to review their cash position for the next 6-12 months

- Projections start with reviewing prior historical weekly visit volume and projecting future reductions in visit volume
  - By department/site
  - Shifts in payer mix

- Evaluate how to adjust the workforce to respond to the reduction in visit volume

- What other measures can be taken to “Extend the Runway”

- Other governmental relief/stimuli applicable to the FQHC sector and the broader healthcare/business communities

- Monitor and course-correct on a daily/weekly basis
“NOW” – VISIT & REVENUE PROJECTIONS

• Patient revenue/visit projections should be based on financial and operational management reports by department. Future decisions will be based at the department level and by workforce type.

• These departmental reports/projections should identify billable visits by provider type.
  – Departments may include adult medicine, family medicine, pediatrics, dental, behavioral health, etc... Future decisions will be made at a department level
  – Determine how many are face-to-face visits versus telehealth
  – Given the flexibility and relaxed rules for telehealth services, volume may shift from face-to-face to telehealth/telephonic encounters

• Financial reports should indicate net revenue received by department to incorporate into the patient revenue projections.
  – Payer mix may play into future decisions as you analyze shifts in patient populations by insurance coverage during the public health crisis
  – Make sure to include capitation and Charity Care payments!
“NOW” – WEAKLY VISIT PROJECTIONS

<table>
<thead>
<tr>
<th>Week Beginning</th>
<th>Week</th>
<th>% Drop in Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/1/2020</td>
<td>Week 1</td>
<td>0%</td>
</tr>
<tr>
<td>3/8/2020</td>
<td>Week 2</td>
<td>0%</td>
</tr>
<tr>
<td>3/15/2020</td>
<td>Week 3</td>
<td>50%</td>
</tr>
<tr>
<td>3/22/2020</td>
<td>Week 4</td>
<td>70%</td>
</tr>
<tr>
<td>3/29/2020</td>
<td>Week 5</td>
<td>80%</td>
</tr>
<tr>
<td>4/5/2020</td>
<td>Week 6</td>
<td>80%</td>
</tr>
<tr>
<td>4/12/2020</td>
<td>Week 7</td>
<td>70%</td>
</tr>
<tr>
<td>4/19/2020</td>
<td>Week 8</td>
<td>70%</td>
</tr>
<tr>
<td>4/26/2020</td>
<td>Week 9</td>
<td>60%</td>
</tr>
<tr>
<td>5/3/2020</td>
<td>Week 10</td>
<td>60%</td>
</tr>
<tr>
<td>5/10/2020</td>
<td>Week 11</td>
<td>50%</td>
</tr>
<tr>
<td>5/17/2020</td>
<td>Week 12</td>
<td>50%</td>
</tr>
<tr>
<td>5/24/2020</td>
<td>Week 13</td>
<td>40%</td>
</tr>
<tr>
<td>5/31/2020</td>
<td>Week 14</td>
<td>40%</td>
</tr>
<tr>
<td>6/7/2020</td>
<td>Week 15</td>
<td>30%</td>
</tr>
<tr>
<td>6/14/2020</td>
<td>Week 16</td>
<td>30%</td>
</tr>
<tr>
<td>6/21/2020</td>
<td>Week 17</td>
<td>20%</td>
</tr>
<tr>
<td>6/28/2020</td>
<td>Week 18</td>
<td>20%</td>
</tr>
<tr>
<td>7/5/2020</td>
<td>Week 19</td>
<td>10%</td>
</tr>
<tr>
<td>7/12/2020</td>
<td>Week 20</td>
<td>10%</td>
</tr>
<tr>
<td>7/19/2020</td>
<td>Week 21</td>
<td>0%</td>
</tr>
<tr>
<td>7/26/2020</td>
<td>Week 22</td>
<td>0%</td>
</tr>
<tr>
<td>8/2/2020</td>
<td>Week 23</td>
<td>0%</td>
</tr>
<tr>
<td>8/9/2020</td>
<td>Week 24</td>
<td>0%</td>
</tr>
<tr>
<td>8/16/2020</td>
<td>Week 25</td>
<td>0%</td>
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<td>8/23/2020</td>
<td>Week 26</td>
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<tr>
<td>8/30/2020</td>
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<td>0%</td>
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<tr>
<td>9/6/2020</td>
<td>Week 28</td>
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<tr>
<td>9/13/2020</td>
<td>Week 29</td>
<td>0%</td>
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<tr>
<td>9/20/2020</td>
<td>Week 30</td>
<td>0%</td>
</tr>
<tr>
<td>9/27/2020</td>
<td>Week 31</td>
<td>0%</td>
</tr>
</tbody>
</table>
“NOW” – STAFF PROJECTIONS

• Begin with a baseline understanding of **direct** personnel costs and resource level (FTEs) by **department**. Project costs at a weekly level (consider utilizing UDS personnel categories for ease)
  – These include provider and clinical support staff
  – For staff who may be allocated (e.g. front desk, clinical support, facilities, etc…). Consider allocating resources to each department based on volume or provider ratios
  – May need to determine a benchmarking strategy for administrative staff which often includes fiscal, human resources, IT and other - again use staff or volume ratios if applicable!

• Estimating provider resources for the upcoming weeks will be based on volume projection by department.
  – If pediatric volume decreases by 50%, do your reduce resources by an equal proportion?

• Once staff resources are adjusted, the center will be able to identify which type of staff that would need to be furloughed, receive reduced wages, or asked to take paid leave, etc…

• These employment decisions impact fringe benefits and payroll taxes
“NOW” – OTHER EXPENSE PROJECTIONS

• Other direct expenses is typically linked to utilization and your operating activities.
  – The ability to manage supply orders, contracts and lease obligations will be critical.

• Utilizing your trial balance or other expenditure reports, create expense categories.
  – Based on the expense category, determine if that is typically a variable expense or fixed

• Calculate unit costs for variable expenses (e.g. medical supply cost per medical visit)
  – The expenses will be projected and vary week-to-week based on operating activity.

• For fixed expenses, determine when during the month the expense is typically incurred.
  – Example: Rent is paid at the beginning of the month. Do you allocate cost by week or report costs at the beginning of week 1?

• Communicate with vendors, banks and others to negotiate a payment schedule!
“NOW” – WEEKLY REVENUE/EXPENSE PROJECTIONS

• Create a “weekly” profit and loss revenue/expense projection template
  – The template will identify weekly changes in revenue and expenditures at the consolidated organizational level
  – Include other revenue and determine whether to allocate by week or by other payment periods (end of the month, quarterly, etc...)
    • 340B
    • State Contracts
    • Charity Care
  – Evaluate cost per visit, average revenue per visit and operating margins
"NOW" – WEEKLY REVENUE/EXPENSE PROJECTIONS
“NOW” – WEEKLY CASH FLOW PROJECTIONS

• Convert the weekly revenue and expense projections to cash utilizing various cash flow metrics

• Revenue cash flow metrics - considerations:
  – Patient revenue billing and payer payment lags (e.g. 4 weeks from dates of service)
  – HRSA grant drawdown flexibility (align with payrolls?)
  – Grants/contracts - voucher preparation and government payment lags

• Expense cash flow metrics - considerations:
  – Salary and certain payroll taxes - align with pay periods
  – Expenses that are paid at the beginning of the month (e.g. rent)
  – Expenses paid after the month has completed (e.g. telephone, utilities)

• Non-operating activities
  – Loan proceeds and principle payments
  – Asset purchases

• Run various scenarios (pulling levers) and evaluate cash position versus available loan programs
“NOW” – WEEKLY CASH FLOW PROJECTIONS
“NOW” – WEEKLY CASH FLOW PROJECTIONS

• The Apex of the weekly cash flow deficit is 4-8 weeks after the Apex of the net operating losses due to the lag in payment of patient revenue!

• Weekly cash flow projections - a 2-phase framework
  – Phase 1 - immediate, short-term timeframe = “Stop the Bleeding”
  – Phase 2 - longer-term = “Repay the Debt; Replenish Reserves” (from future operating surplus)

• Cumulative losses must be absorbed through
  – Additional operating revenue and expense reduction
  – Drain reserves versus increase debt
“NOW’ - CASH FLOW LEVERS

• Run various scenarios of pulling levers and projecting their impact on cash flow

• Consider the shift from face-to-face visits to telehealth/telephonic visits
  – Types of visits
  – Technology
  – Reimbursement rates
  – Impact on staffing

• New grant opportunities - Be Conservative!

• Request accelerated/advance payments
  – HRSA grant drawdowns
  – Medicare/Medicaid
  – Government/Private grants/contracts
“NOW’ - CASH FLOW LEVERS

• Evaluate staffing patterns as compared to projected volume (see Staffing Decision Tree)
  – Continue to work/pay
  – Furlough without pay
  – Paid leave of absence
  – Receive reduced hours/pay
  – Reduction in force/layoffs

• Communicate with vendors
  – Deferred payment terms
  – Payment plans

• Pay with credit cards; speak to credit card companies to extend repayment periods and interest free periods

• Line of credit - increase line; extend repayment

• Available loan programs
GOVERNMENT STIMULI/RELIEF – ASKS

• Accelerate Medicaid payments - request exemption from payment lag
• Advance Medicare payments - follow CMS or state guidance
• Accelerate government contract payments/advances
• Accelerate Federal grant drawdowns
• Have MCOs pay at levels comparable with prior years (Fee-for-service payments)
GOVERNMENT STIMULI/RELIEF - FEDERAL

- Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020
  - Bipartisan package totaling $8.3B (signed into law March 5, 2020)
  - $100M funding for CHC program to be used for expenses, including personnel costs, equipment, associated with prevention, preparedness and response to COVID-19
  - Small Business Administration (SBA) Economic Injury Disaster Loan declaration

- Family First Coronavirus Response Act (March 18, 2020)
  - Effective within 15 days (April 2\textsuperscript{nd}), throughout 2020
  - Expands FMLA and Paid Sick Leave requirements
  - Payments are offset against Social Security payroll tax (refundable tax credit)

- Coronavirus Aid, Relief and Economic Security (CARES) Act (signed March 27, 2020)
  - $1.3B funding for CHC program (released this week) - focused on maintaining current health center capacity and staffing levels during public health emergency
  - CHC base funding extended though November 30, 2020
GOVERNMENT STIMULI/RELIEF - FEDERAL

- CARES Act - continued
  - $100 Billion to provide grants to health institutions (includes CHCs) to cover unreimbursed health care related expenses or lost revenues attributed to the public health emergency.
  - Payroll tax deferment - payment of Social Security payroll taxes deferred until December 31, 2021 and 2022.
  - Employee Retention Credit - Refundable payroll tax credit for 50% of qualified wages paid during March 13 - December 31, 2020, for the first $10,000 of compensation per eligible employee.
  - Economic Stabilization Fund - $454B loan and loan guaranty program. Mid-sized nonprofits that have between 500 - 10,000 employees are eligible. Must retain at least 90% of their staff at full compensation and benefits through September 30th.
  - Paycheck Protection Program - expansion of SBA loan guaranty program providing federally guaranteed loans that are partially forgivable to qualified small businesses that maintain their payroll and meet criteria in avoiding FTE and wage reductions.

NACHC offers a great summary of provisions specific to health centers under the CARES Act [http://www.nachc.org/coronavirus/]
Each Federal Loan Program, Tax Credit, or Tax Deferral should be evaluated to determine not only if your organization is eligible, but what makes sense given your analysis of weekly revenue projections and cash flow projections

- SBA Paycheck Protection Program Loan
- SBA Expanded Express Bridge Loan
- SBA Emergency Injury Disaster Loans and Emergency Grants
- Employee Retention Credits
- Deferral of Payroll Taxes
- Economic Stabilization Fund Mid-Size Business Loans
- Expanded Unemployment Compensation Programs
- Paid Sick Leave Tax Credits
- Other Grant Opportunities and Relief Funds
Governor Murphy - March 28, 2020

New Jersey Health Care Facilities Financing Authority (NJHCFFA) has launched a $6 million emergency loan program to assist New Jersey’s health care organizations.

- Funds can be used for COVID-19 response related activities such as: equipment purchases, supplies, PPE, hiring of staff, etc...
- Interest rate of 0%
- Loans will be given to health care providers based on priority and amounts determined by a committee
- Principal payments would be required within 30 days of receipt of any COVID-19 Aid; payments made until the loan is fully repaid

Pre-payment of $67M in Charity Care funds to support COVID-19 response; it’s an advance of remaining fiscal year 2020 budget allocations for the program

NJ Economic Development Authority (NJEDA) Small Business Emergency Assistance Grant (< 10 employees)
- Includes nonprofits, and applications are open now and will close April 10, 2020, at 9 a.m
OTHER FINANCE & FUNDING PROGRAMS

• Garden State Relief Fund
  – Working capital loans for nonprofits with 3 to 50 full-time employees located in New Jersey; $10k-75k in loan amounts, loan terms up to 36 months; interest rate of 3%

• New Jersey Pandemic Relief Fund/ Community Foundation of New Jersey

• United Way COVID-19 Recovery Funds

• Princeton Area Community Foundation COVID-19 Relief & Recovery Fund

• Healthcare Foundation of New Jersey - $50,000 each awarded to current grantees

• Traditional lenders like a JPMorgan Chase and Bank of America have unique grant funding for existing partners
  – Provident Bank is giving out $5,000 grants to nonprofits in NJ and PA

## Staffing Decision-Tree Tool

### Available Federal Loan & Employee Retention Credit Programs

<table>
<thead>
<tr>
<th>If you have LESS THAN 500 EMPLOYEES</th>
<th>Available to ALL SIZES</th>
<th>If you have MORE THAN 500 EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SBA 7(a) Paycheck Protection Program (PPP) Loan</strong>&lt;br&gt;Provides loans up to lesser of 2.5x average monthly payroll or $10M. Principal and interest may be forgiven if certain conditions are met.</td>
<td><strong>SBA 7(b) Loans EIDL Loan and Emergency Grant</strong>&lt;br&gt;Loans of up to $2M and advances of up to $10k paid within 3 days even if loan is denied to maintain payroll and benefits, make rent/mortgage payments, and repay obligations. The advance of up to $10k may be forgiven.</td>
<td><strong>Treasury’s Economic Stabilization Fund - Mid-Size Business Loan</strong>&lt;br&gt;Loans available for employers with 500-10,000 employees at a rate not above 2% per annum. Details and implementation TBD.</td>
</tr>
<tr>
<td><strong>Expanded Express Bridge Loan (EBL) Program</strong>&lt;br&gt;Provides $25,000 in express loans to small businesses affected by COVID-19</td>
<td><strong>Employee Retention Credit</strong>&lt;br&gt;Creates a refundable payroll tax credit of 50% of wages and benefits paid (up to a max credit of $5,000 per employee) if operations were fully or partially suspended due to COVID or if gross receipts declined by more than 50% when compared to the same quarter in 2019. Not available to employers that receive a PPP Loan.</td>
<td><strong>Deferral of Payroll Taxes</strong>&lt;br&gt;Allows employers to defer payment of Social Security taxes (6.2%) on employee wages, to be paid over the following two years. Not available to employers that receive a PPP Loan.</td>
</tr>
</tbody>
</table>
## STAFFING DECISION-TREE TOOL

### How do Staffing Decisions Impact Federal Relief Programs?

<table>
<thead>
<tr>
<th>LAYOFFS (see Note 1 below)</th>
<th>FURLoughs or SALARY REDUCTIONS (see Notes 2, 3 below)</th>
<th>CONTINUED STAFF EMPLOYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>If you have received PPP Funding:</strong> Loan forgiveness may be reduced by a reduction in average FTEs per month during loan period as compared to prior period, unless restored by June 30, 2020. You may need to track layoffs to ensure loan usage meets federal guidelines in staffing restorations.</td>
<td><strong>If you have received PPP Funding:</strong> Loan forgiveness may be reduced for the amount of any reduction in wages greater than 25% compared to the most recent full quarter for any employee who did not earn an annualized rate of more than $100,000 in 2019, unless reductions are eliminated by June 30, 2020. You may need to track wage reductions to ensure restorations meet qualifications for loan forgiveness.</td>
<td><strong>If you HAVE received PPP Funding:</strong> You are not eligible to receive the Employee Retention Credit or Deferral of Payroll Taxes. However, if 75% of the PPP funding is used for payroll costs, and conditions are met for FTE and wage maintenance or restoration through June 30, all principal and interest on PPP loans may be forgiven.</td>
</tr>
<tr>
<td><strong>If you intend to apply for the Mid-Size Business Loan Funding:</strong> Loan amounts are to be used to restore 90% of the workforce in place on 2/1/2020; you may need to track layoffs to ensure loan usage meets federal guidelines in staffing restorations.</td>
<td><strong>If you intend to apply for the Mid-Size Business Loan Funding:</strong> Loan amounts are to be used to retain 90% of workforce at full wages and benefits through 9/30/2020. You may need to track any reduction in wages to ensure you remain compliant with loan usage guidelines.</td>
<td><strong>If you have NOT received PPP Funding:</strong> You are permitted to utilize the Employee Retention Credit, which provides a tax credit of 50% of wages and benefits paid (up to $5,000 per employee) and Deferral of Payroll Taxes, to defer payment of Social Security Taxes over the subsequent two years, provided that you have met eligibility criteria.</td>
</tr>
</tbody>
</table>

### Notes:

1. Layoffs mean that an employee is no longer employed at your organization; it is a full separation. Employers are no longer responsible for paying for benefits.
2. A furlough is an employer-mandated, temporary unpaid leave from work or a forced reduction of hours. During this time an employer may or may not continue health insurance benefits depending on the employer’s plans. Generally, furloughed workers’ seniority and pay level is retained when they are brought back and retirement benefits stay in place. There are legal considerations involved in utilizing furloughs that should be reviewed with qualified counsel as well as your HR Department.
3. Employers may have the flexibility to offer hourly employees fewer hours and workdays, but generally cannot reduce hours and correspondingly reduce compensation for exempt employees. These considerations should be reviewed with qualified counsel as well as your HR Department before making such staffing decisions.
## STAFFING DECISION TREE TOOL

### Resources Available to Employees Based on Employer Staffing Decision

<table>
<thead>
<tr>
<th>Layoffs (1)</th>
<th>Furloughs/Salary Reductions (2)</th>
<th>Continued Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expanded Unemployment Compensation Programs:</strong></td>
<td><strong>Short-Time Compensation Programs:</strong></td>
<td><strong>Paid Sick Leave Provisions:</strong></td>
</tr>
<tr>
<td>Provides an additional $600 per employee per week in addition to unemployment benefits that would be regularly available under State law.</td>
<td>Employers can file an STC plan with the state, and if approved, employees that are furloughed for a portion of their workweek can receive a proportion of their unemployment compensation in addition to their wages for hours actually worked.</td>
<td>Federal Paid Leave Provisions: Employers with less than 500 employees must provide paid sick leave to employees who are under quarantine/isolation order, who are experiencing COVID symptoms and seeking diagnosis, who must care for a family member required to quarantine due to COVID; or, to care for children without childcare due to COVID. Healthcare Providers (including FOHCS) may elect to opt out of providing these benefits to their employees, however, they should create a policy documenting their election to participate or not. State Paid Leave Provisions: note that States may enact separate requirements that Healthcare providers may be required to follow. NJ has expanded its Paid Sick laws to make benefits available to people that have to self-quarantine or care for loved ones due to COVID.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other Grant Opportunities/Relief Funds:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>There are multiple public and private funding opportunities to support operations disrupted due to COVID and/or expenses undertaken to respond to the COVID crisis.</td>
</tr>
</tbody>
</table>

**Paid Sick Leave Tax Credits:**

For Healthcare Providers that opt in to the FFCRA Paid Sick Leave Provisions: Employers are entitled to a refundable tax credit for the paid sick or emergency leave provided.
TELEHEALTH - MEDICARE

PRE-COVID-19

Limits the ability to FQHCs to participate in telehealth

- Distant Site: Not allowed
- Originating Site: Only allowed if Outside of Metropolitan Statistical Area or in Rural HPSA

Most Centers do not qualify

Telehealth During COVID-19

CARES Act signed March 27th

- Allows FQHCs to bill Medicare as distant site for the duration of the crisis
- Does not permit reimbursement at PPS rate, but states that payment will be “based on payment rates that are similar to the national average payment rate for comparable telehealth services under the physician fee schedule”
TELEHEALTH DURING COVID – MEDICARE

For the duration of the Public Health Emergency...

- Accelerated/Advance Payments Program
  - Request made of Medicare Administrative Contractor (MAC), online or paper
  - Request up to 100% of 3-months of Medicare payments
  - Notice to the provider when the request is approved or denied
  - When approved, MACs expected to issue payment within 7 calendar days
  - Repayment to commence 120 days after date of issuance
  - Must be repaid within 210 days after date of issuance

TELEHEALTH DURING COVID – MEDICARE

• Expedited Enrollment - Part B
  – Online applications will be expedited to receive temporary billing privileges in 7 business days, 14 for paper applications. Limited information required.
  – Pending applications received prior to 3/1 are being processed within 45 or 60 days based on submission method (online or paper)
  – Opt out status may be terminated early. Contact MAC to facilitate temporary billing privileges
  – Revalidation related activities are suspended

• Cost Reporting - Delay in filing deadlines:
  – FYE 10/31/2019 and 11/30 2019 (due by March 31st /April 30th) extended to June 30, 2020
  – FYE 12/31/2019 (due May 31st) extended to July 31, 2020

TELEHEALTH DURING COVID – MEDICARE

• Virtual Communication - Effective March 1, 2020 through the duration of the public health emergency
  – Patient Consent - Given at the time virtual communication is rendered
  – Patient Relationship - New and Established
  – Expansion of the range services included within the virtual communication services benefit.
    • Three new online digital assessment codes included in the “virtual communication services” bundle for FQHC payment rate.
  – G0071 - As a stand-alone service or with another billable service. Reimbursement is set at the average of the PFS national non-facility payment rate for three new CPT codes (99421-99423) in addition to the already established virtual communication HCPCS codes (G2012 and G2010).

  Final bundled rate for G0071 has not yet been established
TELEHEALTH DURING COVID – MEDICAID

Telehealth/Telemedicine/Tele-mental Health - Effective March 21, 2020

- Modality
  - Audio only telephone, video technology on smart phones, tablets
  - Non-public facing audio or video communication products are permissible:
    - FaceTime, Facebook Messenger video chat, Google Hangouts video, Zoom, or Skype
- Location - All locations (patient and provider)
- Eligible Providers - Any healthcare practitioner, to the extent appropriate, under the standard of care and within provider’s scope of practice
- Service - Medical and Mental health
- Patient Relationship - New and Established
- Reimbursement - No change in reimbursement and billing requirements
- Consent - Written or verbal consent required. Providers should document the patient/legal guardian’s verbal consent
TELEHEALTH DURING COVID – MEDICAID

• Other Considerations:
  – Prior authorization waived for medically necessary treatment
  – Patient cost-sharing for services provided via telemedicine/telehealth waived
  – Payment Parity
    • Medicaid Managed Care Organizations and Medicaid /NJ FamilyCare must provide equal reimbursement to providers for telehealth and tele-mental health delivered services
    • Health insurance carrier rates of payment to in-network providers for services delivered via telemedicine or telehealth are not lower than payment for services delivered via traditional methods.
  – Attestation required for Telescreening and telepsychiatric evaluations provided via telemedicine
  – Opioid Treatment Programs - Telehealth options available for continued prescribing and/or counseling
NEXT STEPS?

• **Acquire Knowledge**
  - External: Monitor State, Federal and NJPCA COVID-19 dedicated web pages for policy updates. Leverage relationships with industry knowledge experts and other Centers
  - Internal: Understand Center telehealth offerings

• **Implement and Test**
  - New billing claim data elements
  - Collaborate with Practice Management and Clearinghouse vendors

• **Monitor Remote Staff Performance**
  - Prioritize tasks
  - Review A/R for revenue opportunities and cleanup of old, outstanding receivables
  - Address revenue cycle projects that have been on-hold due to lack of resources in the past
Continual, transparent communication is critical to sustain your Center’s future viability

- PATIENTS
- STAFF
- VENDORS
- REGULATORS/FUNDING SOURCES
“NOW” – CONTROL

• Monitor visits on a daily/weekly basis
  – By service/site
  – Payer Mix
  – Face-to-face versus telehealth

• Monitor cash balances on a daily/weekly basis

• Monitor KPIs on a weekly basis
  – Days cash on hand
  – Days in accounts receivable (patients; grants/contracts)
  – Days in accounts payable

• Compare to weekly cash flow projections; update with new actual and course correct

• Projected balance sheets and manage debt covenants/debt accumulation

• Stay abreast of government stimuli and regulatory developments
NEXT STEPS

• Build your weekly cash flow projections based on what you know today! And Update!

• Stay current!

• Track lost revenue, selected personnel metrics (salary cost/number of employees) and other information to access specific funding opportunities/risks

• Begin to think about the “Next” phase of the COVID-19 Financial Response Strategy
BEFORE WE GO

We care deeply about the FQHC Community and that includes all of you. We wish you, your teams, your families and the patients you serve all the best and are here for you.

STAY SAFE!