



MMBC

MEDICAL BILLING CENTER

Payment Protection Program



8150 ADVISORS™

ELEVATE YOUR PRACTICE

MBC & 8150 Advisors



- Steve Stalzer, MSPT, MBA
 - M&A Advisor
 - Strategic Planning
 - Practice Valuations
- Janet Shelly, PT, DPT
 - CEO Medical Billing Center
 - Chair APTA PPS Payment & Policy Committee
 - Member APTA PPAC
- Robbie Leonard, DPT, CHC
 - Charge Capture
 - Compliance
 - Education & Administrative Functions

Accelerated and Advanced MC Payments

- Eligibility
 - Have billed Medicare claims within last 180 days
 - Not be in bankruptcy
 - Not be under active medical review or program integrity investigation
 - Not have any outstanding delinquent Medicare overpayments
- <https://www.cms.gov/files/document/Accelerated-and-Advanced-Payments-Fact-Sheet.pdf>



Amount of Payment and Repayment

- You will be asked to request a specific payment amount. Most can request up to 100% of the amount Medicare has paid you in a 3-month period
- Each Medicare Administrative Contractor (MAC) will review and issue payments within 7 days
- Repayment begins 120 days after issuance of payment
- You will continue to submit claims after you receive loan and Medicare will pay you as usual
- After 120 days, Medicare will offset new claims to repay the accelerated/advance payment. Automatic Recoupment

Consider Timing of Loan

- 1-page application
- No deadline to apply
- “3-month period”
- In the Explanation field of the Request for Accelerated/Advance Payment Form, indicate “COVID-19”

CARES ACT

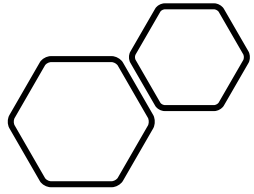
- Payroll Protection Program Loan
- Assess Projections
- Determine Strategic Position & Get In Line



Paycheck Protection Program (PPP) Loans

- Less than 500 employees
- Funds will be used to retain workers and maintain payroll or make mortgage payments, lease payments, and utility payments
- Eligible for a loan equal to $2.5 \times$ average monthly payroll costs (TTM vs 2019 average)





Payroll Costs...



Employee and contractor wages
(capped at \$100,000/yr)



Vacation, sick leave, severance payments



Group health care benefits



Retirement benefit payments



State and local payroll taxes

Payroll Costs Do Not Include...



EE / OWNER COMP OVER
\$100K
FEDERAL PAYROLL
TAXES



EMPLOYEES WITH A
PRINCIPAL RESIDENCE
OUTSIDE OF THE US



SICK LEAVE WAGES FOR
WHICH QUALIFY FOR A
CREDIT UNDER THE
FAMILIES FIRST
CORONAVIRUS RESPONSE
ACT

Allowable uses of Loan Proceeds



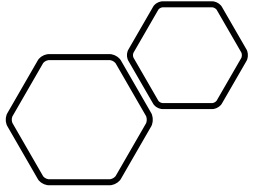
PAYROLL COSTS



**GROUP HEALTH
CARE BENEFITS**



**MORTGAGE INTEREST,
RENT, UTILITIES,
INTEREST ON OTHER
DEBT OBLIGATIONS**



Terms of the PPL

Any balance remaining after loan forgiveness can have a maximum maturity of 10 years from the date on which the borrower applied for debt forgiveness

Interest Rate: The interest rate cannot exceed 4%

Prepayment: No prepayment penalty

Collateral: No collateral or personal guaranties are required

Loan Deferral



Mandatory deferral of principal, interest and fees for at least 6 months, with the lender having the ability to defer up to one year.



No Lender or Borrower Guaranty Fees: During the covered period.



(February 15, 2020 through June 30, 2020), the SBA may not charge any lender or borrower guaranty fees in connection with a covered loan.

Forgiveness

- Capped at the original principal amount of the covered loan
- Eight-week period following the covered loan's origination
 - Payroll costs
 - Interest, rent and utilities payments*
 - Obligations must be in place prior to 2/15/2020



Forgiveness Application

- Capped at the original principal amount of the covered loan
- Reduced based on any reduction in the number of the borrower's employees
- Reduced if employee wages are reduced greater than 25%
- Verification of number of employees on payroll and pay rates including IRS payroll tax filings and state income, payroll and unemployment insurance filings



U.S. Senate Committee on
Small Business & Entrepreneurship

https://www.sbc.senate.gov/public/_cache/files/9/7/97ac840c-28b7-4e49-b872-d30a995d8dae/F2CF1DD78E6D6C8C8C3BF58C6D1DDB2B.small-business-owner-s-guide-to-the-cares-act-final-.pdf

Common Questions...

- Should I delay my loan application so that May/June expenses are covered rather than April/May?
- Can I just hire everyone back June 15th and still get credit?
- How is employee count utilized in the forgiveness calculation?
- What should I do if I was about to hire a marketing employee?
- When should I contact my banker?
- What documents should I prepare?

Prepare...

Park
NATIONAL BANK

SBA Lending

Paycheck Protection Program - Needs List

Borrower

1. SBA Form 1919, completed and signed by each owner
2. 3 years of personal tax returns for each owner (*signed and dated*)
3. 3 years of corporate tax returns (including K1s) for each entity owned (*signed and dated*)
4. Personal Financial Statement SBA form 413, joint, signed by both spouses if borrower is married
5. Signature on IRS Form 4506T – one form for personal returns, one form for each entity
6. Copy of Articles of Incorporation, By-Laws, Operating Agreement, Resolutions, of each borrowing entity
7. Copy of driver's license for each owner
8. Copy of business insurance policy (fire/hazard, public liability and worker's compensation)
9. Trailing twelve-month profit and loss statement (as of the date of application) for all applicants
10. Most recent mortgage statement or rent statement (lease)
11. Most recent utility bills (electric, gas, telephone, internet, water)
12. Monthly payroll costs for the 12 months preceding the loan

| | |
|--|--|
| <p>Payroll Costs include:</p> <ul style="list-style-type: none">• Salaries, wages, commissions, or similar compensation (up to \$100,000 annual compensation as prorated for the covered period);• Payment of cash tip or equivalent;• Vacation, parental, family medical, or sick leave;• Severance payment;• Health care benefits, including insurance premiums;• Retirement benefits;• State or local tax assessed on said compensation; and• Payments of wages, commission, or similar compensation to any independent contractors that is \$100,000 or less per year (as prorated for the covered period) | <p>Payroll costs do not include:</p> <ul style="list-style-type: none">• Federal income tax and payroll tax contributions;• Compensation of any employee whose principal residence is outside the US;• Qualified sick and family leave wages covered by tax credits under the Families First Coronavirus Response Act |
|--|--|

Payroll expense documentation for verification (all items required):

- IRS Form 940 and 941
- Payroll summary report with corresponding bank statement
- If a payroll summary report is not available, employee pay stubs as of February 15, 2020 (or corresponding period)
- Breakdown of payroll benefits (vacation, allowance for dismissal, group healthcare benefits retirement benefits, etc.)
- 1099's, if independent contractor
- Certification that all employees live within the United States. If any do not, provide a detailed list with corresponding salaries of all employees outside the United States

Member FDIC

- SBA for 1919
- 3 yr corporate tax returns
- Payroll expense documentation
- TTM P&L
- 3 yr personal tax returns for each owner
- Personal Financial Statement (SBA form 413)
- Most recent lease statements
- Most recent utility bills

Making Calculated Decisions...



| Month | Current Cash | March | April | May |
|---------------------------------|--------------|-------------------|---------------------|---------------------|
| Revenue | | | | |
| Clinic visit projections | | 5,000 | 5,000 | 5,000 |
| Projected arrival rate | | 100% | 50% | 40% |
| Projected volume | | 5,000 | 2,500 | 2,000 |
| Rev/visit | | \$ 80.40 | \$ 80.40 | \$ 80.40 |
| Clinic rev | | \$ 402,000 | \$ 201,000 | \$ 160,800 |
| | | | | |
| MC visit projections | | - | - | - |
| Rev/visit | | \$ 100 | \$ 100 | \$ 100 |
| Home visit rev | | \$ - | \$ - | \$ - |
| | | | | |
| Telehealth visit projections | | - | - | - |
| Rev/visit | | \$ 80 | \$ 80 | \$ 80 |
| Telehealth visit rev | | \$ - | \$ - | \$ - |
| Total Revenue | | \$ 402,000 | \$ 201,000 | \$ 160,800 |
| | | | | |
| Expenses | | | | |
| Original labor projection | | \$ 220,000 | \$ 220,000 | \$ 330,000 |
| RIF (Reduction In Force) | | \$ - | | |
| Labor projection | | \$ 220,000 | \$ 220,000 | \$ 330,000 |
| | | | | |
| Rent | | \$ 40,000 | \$ 40,000 | \$ 40,000 |
| Rent reduction | | \$ - | | |
| Rent projection | | \$ 40,000 | \$ 40,000 | \$ 40,000 |
| | | | | |
| Other | | \$ 80,000 | \$ 80,000 | \$ 80,000 |
| Reduction | | \$ - | \$ - | |
| Other projection | | \$ 80,000 | \$ 80,000 | \$ 80,000 |
| Total Expenses | | \$ 340,000 | \$ 340,000 | \$ 450,000 |
| | | | | |
| Projected NOI | \$ - | \$ 62,000 | \$ (139,000) | \$ (289,200) |

1. Keep serving.
2. Keep innovating.
3. Keep solving.
4. Keep grinding.
5. Keep making a difference.

