CARES Act
Session 2: CMS Advance Payment Program and HCA Healthcare CARES Line Launch
April 10, 2020

Welcome!
There is no hold music when your audio connects, so thank you for your patience. The presentation will begin shortly.

ALL Attendee audio is muted.

Use one of the 3 audio options:
1. Call Using Computer (recommended option)
2. Call Me (BEST telephone option)
3. Or Call In (MUST enter ATTENDEE ID)

Chat to ALL PANELISTS.

This session is being recorded.

The link to the recording is here. Use passcode FqSDde69 to unlock.
Send us Your Questions Using the Webex Chat Feature

Using a computer:
1. Click the Chat button at the bottom of the screen to open Chat.
2. In the To drop-down list, select All Panelists.
3. Enter your message in the chat box, then press Enter on your keyboard.

Using the Webex mobile app:
1. Tap the Chat icon at the top of the screen.
2. Tap the Chat button at the bottom of the screen.
3. Tap Chat with All Panelists.
4. Enter your message in the chat box, then tap Send.
Welcome!

Opening Remarks:
Sandra Morgan, SVP Physician and Provider Relations, HCA Healthcare
Update

1. HCA Healthcare CARES
2. COVID-19
3. Physician support
4. Rebooting HCA Healthcare

#carelkefamily
<table>
<thead>
<tr>
<th>Agenda</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HCA Healthcare CARES Act Physician Support Updates</strong></td>
<td>Erik Larsen, VP Special Assets, HCA Healthcare</td>
</tr>
</tbody>
</table>
| **Advance Payment Program Overview** | Ramy Fayed, Partner and Healthcare Practice Leader, Dentons US LLP  
Brian Romine, Director, Provider Practice, PwC Advisory Services LLC |
| **How Does the Program Work and How Do You Apply?** | Ramy Fayed, Partner and Healthcare Practice Leader, Dentons US LLP  
Brian Romine, Director, Provider Practice, PwC Advisory Services LLC |
| **Questions and Answers** | Ramy Fayed, Partner and Healthcare Practice Leader, Dentons US LLP  
Brian Romine, Director, Provider Practice, PwC Advisory Services LLC |
| **Concluding Remarks and Next Steps** | Erik Larsen, VP Special Assets, HCA Healthcare  
Sandra Morgan, SVP Physician and Provider Relations, HCA Healthcare |
HCA Healthcare CARES Act Physician Support Updates

- A call line for PPP and CMS Advance Payment Assistance
  1-855-821-4254
- HCA has enlisted PwC to offer independent physicians and practices a call line to offer resources and assistance with the preparation and submission of applications for both the Paycheck Protection Program and the Medicare Advance Payment program.
- This service will be offered at no cost to you.
- The service will start on Monday, April 13, and run through May 1st.
- Hours of operation (EST): Monday-Friday 8:00am-9:00pm, Saturday 9:00am-5:00pm, and Sunday 12:00pm-6:00pm
For physician practices who do not have a bank providing PPP loans, HCA is pleased to begin work with Cross River Bank, who will accept applications from physician practices that bank with other financial institutions.

Cross River Bank is a New Jersey-charted community bank founded in 2008 and known for its robust financial technology infrastructure. Cross River Bank is backed by leading venture capital and private equity firms, such as KKR, Andreesen Horowitz and Battery Ventures.

***Due to high application volumes, Cross River Bank currently anticipates 1-2 week loan approval and funding time frames from time of application submission.

On the new HCA Healthcare webpage for CARES Act resources, there is a dedicated HCA Healthcare application link that practices can click on to begin the application process with Cross River Bank.
Questions answered from Monday’s Paycheck Protection Program Webinar available today

Our three experts from the Webinar from Waller Lansden and PYA reviewed and answered your questions to help physicians whose questions were not addressed during the webinar Q&A

HCA Healthcare will be publishing answers today to questions submitted via the Webinar chat feature on the new HCA Healthcare CARES Act resource webpage
This morning, we launched a dedicated webpage for the information and resources developed by HCA Healthcare for independent physicians and practices to access CARES Act financial relief programs.

- URL: [https://www.hcahealthcare.com/hcacares](https://www.hcahealthcare.com/hcacares)
- Website contains:
  - Information on Paycheck Protection Program, CMS Advance Payment Program, Provider Grant Program
  - HCA Healthcare CARES webinar presentations and webinar recordings
  - HCA Healthcare CARES Line summary and contact information
  - Collaborating PPP Lender resources, including links to application portals
The previously announced $30 billion infusion out of the $100 billion Provider Grant/Relief Fund will begin today, April 10, via direct deposit to eligible providers.

Any provider (hospital) or supplier (physician/ASC) that received Medicare FFS in 2019 is eligible for this initial rapid distribution if it certifies that it currently provides diagnoses, testing, or care for individuals with possible or actual cases of COVID-19.

- Within 30 days of receiving the payment, providers must sign an attestation confirming receipt of the funds and agreeing to the terms and conditions of payment.
- If a provider receives payment and does not wish to comply with these Terms and Conditions, the provider must contact HHS within 30 days of receipt of payment and then remit the full payment to HHS as instructed.

Providers will be distributed a portion of the initial $30 billion based on their share of total Medicare FFS reimbursements in 2019.

- This works out to a grant payment of about $61,983 per $1 million in Medicare FFS payments received by the provider.

*Conditions are associated with receipt of payment, including but not limited to:
- Funds ONLY may be used to prevent, prepare for, and respond to coronavirus.
- Funds cannot be used for expenses or losses that are reimbursed from another source.
- Certain limitations on collection of certain out-of-pocket payment amounts from COVID-19 patients.
CMS Advance Payment Program Overview

Ramy Fayed
Brian Romine
Before We Begin

**DISCLAIMER:** These slides and the information presented is as of April 10, 2020, and subject to revision and interpretation based on pending rules and regulations. In addition, these slides and the information presented is only a summary of more detailed information and may not contain all the information that is important or relevant to you. These slides and the information presented are solely for your information, and no representation or warranty, expressed or implied is made. You should not place undue reliance on the accuracy, fairness or completeness of the information presented.

**SCOPE:** This HCA program is intended to assist independent physicians, including those on our medical staff, have access to hospital medical records or receive primary care physician notifications, but not PSG physicians. Our PSG physicians (both employed and foundation model) are likely not eligible to participate in the PPP loans or the Medicare Advance program based on the eligibility criteria for such programs. PSG is evaluating, however, and plans to pursue on behalf of PSG any actionable programs.
Meet Our Presenters

Ramy Fayed

Ramy Fayed is a Partner in the Health Care Practice at Dentons US LLP. Ramy regularly counsels a broad range of health care organizations with respect to compliance with federal and state anti-kickback/anti-inducement laws, the Stark Law, the Beneficiary Inducement Law, provider-based department requirements, hospital under arrangements requirements, and a host of other Medicare and Medicaid rules and sub-regulatory policies governing coverage and reimbursement. Ramy also advises health care systems and other providers and suppliers on compliance with the privacy, security and breach notification requirements of HIPAA.

Brian Romine

Brian Romine is a Director in PwC’s HIA Provider practice based in Birmingham, Alabama. Brian has nearly 30 years of public accounting experience primarily serving healthcare clients with cost report preparation, reimbursement consulting, and financial audits. Brian is a CPA licensed to practice in the State of Alabama.

PwC is a global network of firms delivering assurance, tax and consulting services for your business.
Summary of Program and Key Payment Terms

The $2 trillion CARES Act includes authority for the Centers for Medicare & Medicaid Services (CMS) to expand the scope of the Accelerated and Advance Payment Program to providers and suppliers. Payments to Physicians via this Program are referred to by Medicare as Advance Payments. (Payments to hospitals via this Program are referred to by Medicare as Accelerated Payments.)

Advance Payments are not subsidies or grants. The Advance Payments must be repaid to CMS.

| Maximum Advance Payment Amount | • Up to 100% of a Physician’s Medicare payments for a three-month period measured from October 1, 2019 through December 31, 2019 can be advanced to Provider that must be repaid within 210 days of receipt of funds. |
| Advance Payment Application | • Application forms available on each MAC’s website. To apply, a Physician must (1) have billed Medicare for claims within 180 days immediately prior to the date of the request, (2) not be in bankruptcy, (3) not be under active medical review of program integrity investigation, and (not have any outstanding delinquent Medicare overpayments. |
| Coverage Period | • Extends through the end of the Public Health Emergency Declaration |
| Use of Proceeds | • Intended to help Physicians with cash-flow challenges they may experience as a result of the current COVID-19 public health emergency |
| Advance Payment Terms | • 120 day term before recoupment is initiated |
| | • At day 121, 100% offset of then due Medicare payments to the Physician (unless Physicians have made arrangements with their MAC to adjust the recoupment percentage) |
| Advance Payment Repayment | • Repayment of the entire amount must be completed within 210 days (approximately 7 months) |
| | • MAC will send demand letter for amounts still outstanding at the 210 day mark |
| | • After 30 days of the MAC demand letter, interest will begin to accrue on unpaid balance (Interest rate currently 10.25%) |

*MAC = Medicare Administrative Contractor*
• As of April 9, 2020, CMS has approved approximately $51 billion for providers and suppliers through the Accelerated and Advance Payment Program.

• CMS has received over 32,000 requests from health care providers and suppliers for Accelerated and Advance Payments and has already approved over 21,000 of those requests.

• Prior to COVID-19, CMS had approved just over 100 total requests in the past five years, with most being tied to natural disasters such as hurricanes.

• The streamlined process implemented by CMS has reduced processing times for a request of an Accelerated or Advance Payment to between four to six days, down from the previous timeframe of three to four weeks.

• CMS intends to provide assistance first to those providers and suppliers that experience increased demand and a surge in patients. MACs responsible for processing Accelerated and Advance Payment requests for different states will prioritize those states that were most affected (as of April 9, 2020, these states are reported to be California, New York, and Washington).
How Does the Program Work and How Do You Apply?

Ramy Fayed
Brian Romine
How Does the Program Work?

- Physicians may request **up to 100% of their Medicare payments for a three-month period**. CMS is using the historical payment period from **October 1, 2019 through December 31, 2019** to measure the maximum amount of Advance Payments for which Physicians may be eligible under the program.

- There is no deadline to request the Advance Payments as long as it is within the period of the public health emergency.

- If Physicians choose to request less than the maximum amount available, they later may request the balance of Advance Payments for which they may be eligible (as long as the request is made within the period of the public health emergency).

- The MAC anticipates **processing the application and paying the funds within seven (7) calendar days of filing** the application.

- After the Advance Payment is made, Physicians will continue to submit and be paid for claims submitted to Medicare as usual. This will continue for **120 days**.
Repayment, Recoupment and Reconciliation

- **At day 121**, instead of paying Physicians directly for claims submitted, the MAC will **offset the amount due** from the amount of the Advance Payments until the full amount has been repaid.

- If a 100% recoupment beginning on day 121 would impose undue burden, then **Physicians may work with their MAC to adjust the recoupment percentage** (e.g., request only a 50% offset).

- Physicians **must repay the entire amount of the Advance Payment within 210 days** (approximately seven months). If, at the end of the repayment window, there still is an outstanding Advance Payment balance, the MAC will send a request to Physicians for direct payment of the remaining balance. Physicians must repay the remaining amount within 30 days of the MAC’s request.

- **Any amount not repaid by the due date** of the MAC’s request for direct payment of the remaining balance **will begin to accrue interest**. The **current rate** (which is updated quarterly by the Treasury Department) is **10.25%**.

- The repayment is not subject to interest **until the end of the repayment period** (approximately seven months). There is a **30-day** grace period before interest on the remaining balance begins; that is, on the 31st day after a MAC sends a demand letter for the remaining balance, interest will begin to accrue.
Who is Eligible to Apply for Advance Payments?

- To qualify for Advance Payments, **physicians must:**
  - Have billed Medicare for claims within 180 days immediately prior to date of request;
  - Not be in bankruptcy;
  - Not be under active medical review or program integrity investigation (*TPE and RAC audits do not count*); and
  - Not have any outstanding delinquent Medicare overpayments.

- **Individual physicians must apply for an Advance Payment, not the group practice**
  - CMS indicated that advanced payments must be requested at the individual physician NPI level
  - Each physician in a group must apply
  - Advance Payments will be made in the same way as normal Medicare payments for claims
  - There are reports that certain MACs are only requiring the TIN for the group practice – contact your MAC for specific guidance
What are the Next Steps for a Potential Applicant?

1. Physicians should fill out the Advance Payment form on their MAC’s website to request funds.

2. If you do not know your MAC, you can find it here: MAC Directory.

3. Additional information can be found in this CMS Fact Sheet.

4. If you have an existing working capital line of credit secured by Medicare accounts receivable, contact your bank to discuss the impact of the Advance Payment program on your line of credit.
To request an Advance Payment:

- Provider name
- Medicare identification number (PTAN)
- NPI
- Phone number
- Email address
- Select reason for request
  - Typically, there is a COVID-19 related option to select
  - For COVID-19, there is no need to complete the application’s financial questions, such as anticipated receipts, expenditures and cash position
- Indicate requested amount
  - Maximum payment amount as calculated by CMS
  - Less than the maximum amount
- Sign and date application
Assumptions Made for the Case Study

• For the period 10-1-2019 to 12-31-2019, monthly case receipts totaled $100,000 each month, of which $60,000 was Medicare.

• The Maximum Advance Payment available is $180,000 ($60,000x3) and was received in April 2020.

• Cash receipts and variable expense have been reduced by the percentages show on the Example Monthly Cash Flow for Physician Practices to reflect reduced volume as a result of the COVID crisis.

• Assume that April marks the height of the crisis and operations begin to recover in May 2020 with recovery taking until August 2020.

• In some ways this is a Best Case scenario. If the crisis last longer or operations take longer to recover, then the situation is much worse.
# Example Monthly Cash Flow for Physician Practice

## Cash Flow Case Study:

<table>
<thead>
<tr>
<th></th>
<th>0-30</th>
<th>31-60</th>
<th>61-90</th>
<th>91-120</th>
<th>121-150</th>
<th>151-180</th>
<th>181-210</th>
<th>211-240</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>54,000</td>
<td>42,000</td>
<td>24,000</td>
<td>12,000</td>
<td>24,000</td>
<td>42,000</td>
<td>48,000</td>
<td>60,000</td>
</tr>
<tr>
<td><strong>Monthly NonMedicare Cash Flow</strong></td>
<td>36,000</td>
<td>28,000</td>
<td>16,000</td>
<td>8,000</td>
<td>16,000</td>
<td>28,000</td>
<td>32,000</td>
<td>40,000</td>
</tr>
<tr>
<td><strong>Medicare Advance Payment</strong></td>
<td>90,000</td>
<td>70,000</td>
<td>40,000</td>
<td>20,000</td>
<td>40,000</td>
<td>70,000</td>
<td>80,000</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Cash Receipts</strong></td>
<td>90,000</td>
<td>70,000</td>
<td>40,000</td>
<td>200,000</td>
<td>40,000</td>
<td>70,000</td>
<td>80,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>0-30</th>
<th>31-60</th>
<th>61-90</th>
<th>91-120</th>
<th>121-150</th>
<th>151-180</th>
<th>181-210</th>
<th>211-240</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monthly Fixed Expenses</strong></td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
</tr>
<tr>
<td><strong>Monthly Variable Expenses</strong></td>
<td>50,000</td>
<td>35,000</td>
<td>25,000</td>
<td>10,000</td>
<td>25,000</td>
<td>35,000</td>
<td>40,000</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>90,000</td>
<td>75,000</td>
<td>65,000</td>
<td>50,000</td>
<td>65,000</td>
<td>75,000</td>
<td>80,000</td>
<td>90,000</td>
</tr>
<tr>
<td><strong>Cash In Excess of Expenses</strong></td>
<td>-</td>
<td>(5,000)</td>
<td>(25,000)</td>
<td>150,000</td>
<td>(25,000)</td>
<td>(5,000)</td>
<td>-</td>
<td>10,000</td>
</tr>
</tbody>
</table>

## Assumed COVID related Reductions

<table>
<thead>
<tr>
<th></th>
<th>0-30</th>
<th>31-60</th>
<th>61-90</th>
<th>91-120</th>
<th>121-150</th>
<th>151-180</th>
<th>181-210</th>
<th>211-240</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monthly Cash Receipts Reduction %</strong></td>
<td>10%</td>
<td>30%</td>
<td>60%</td>
<td>80%</td>
<td>60%</td>
<td>30%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td><strong>Monthly Variable Cost Reduction %</strong></td>
<td>0%</td>
<td>30%</td>
<td>50%</td>
<td>80%</td>
<td>50%</td>
<td>30%</td>
<td>20%</td>
<td></td>
</tr>
</tbody>
</table>
Example Cash Flow for Physician Practice

It is imperative to plan for the loss of Medicare receipts when the repayment period begins.

Medicare allows for an Advance Payment to be requested that is up to 3 months of monthly Medicare Cash Flow (measured from 10-1-2019 to 12-31-2019)

After 120 days, repayment of the advance will begin automatically. Cash payments from Medicare will instead be applied against repayment of the advance.
**Example Monthly Cash Flow with 50% Withhold Rate**

<table>
<thead>
<tr>
<th>Cash Flow Case Study:</th>
<th>0-30</th>
<th>31-60</th>
<th>61-90</th>
<th>91-120</th>
<th>121-150</th>
<th>151-180</th>
<th>181-210</th>
<th>211-240</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% rate of withhold</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Jan-20</th>
<th>Feb-20</th>
<th>Mar-20</th>
<th>Apr-20</th>
<th>May-20</th>
<th>Jun-20</th>
<th>Jul-20</th>
<th>Aug-20</th>
<th>Sep-20</th>
<th>Oct-20</th>
<th>Nov-20</th>
<th>Dec-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Medicare Cash Flow</td>
<td>54,000</td>
<td>42,000</td>
<td>24,000</td>
<td>12,000</td>
<td>24,000</td>
<td>42,000</td>
<td>48,000</td>
<td>60,000</td>
<td>60,000</td>
<td>60,000</td>
<td>60,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Monthly NonMedicare Cash Flow</td>
<td>36,000</td>
<td>28,000</td>
<td>16,000</td>
<td>8,000</td>
<td>16,000</td>
<td>28,000</td>
<td>32,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Medicare Advance Payment</td>
<td>90,000</td>
<td>70,000</td>
<td>40,000</td>
<td>20,000</td>
<td>40,000</td>
<td>70,000</td>
<td>80,000</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Cash Receipts</td>
<td>90,000</td>
<td>70,000</td>
<td>40,000</td>
<td>200,000</td>
<td>40,000</td>
<td>70,000</td>
<td>80,000</td>
<td>100,000</td>
<td>70,000</td>
<td>70,000</td>
<td>70,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Monthly Fixed Expenses</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Monthly Variable Expenses</td>
<td>50,000</td>
<td>35,000</td>
<td>25,000</td>
<td>10,000</td>
<td>25,000</td>
<td>35,000</td>
<td>40,000</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>90,000</td>
<td>75,000</td>
<td>65,000</td>
<td>50,000</td>
<td>65,000</td>
<td>75,000</td>
<td>80,000</td>
<td>90,000</td>
<td>90,000</td>
<td>90,000</td>
<td>90,000</td>
<td>90,000</td>
</tr>
<tr>
<td>Cash In Excess of Expenses</td>
<td>-</td>
<td>(5,000)</td>
<td>(25,000)</td>
<td>150,000</td>
<td>(25,000)</td>
<td>(5,000)</td>
<td>-</td>
<td>10,000</td>
<td>(20,000)</td>
<td>(20,000)</td>
<td>(20,000)</td>
<td>(80,000)</td>
</tr>
</tbody>
</table>

**Note:** In this scenario the full remaining balance of $90,000 is due in the 4th month of recoupement. If not paid at that time, the balance is subject to an interest rate of 10.25% and will be subject to collection or an extended repayment plan.
Case Study Takeaways

• The Advance Payment is not necessarily free money. It must be repaid.

• Understanding what your Medicare billings will be over the next 6-9 months is essential in planning ahead for the cash flow impact of recoupments when they start. These estimates impact key questions such as:
  - When should you apply?
  - How long do you estimate it will take your practice to repay? (You only have 210 days before interest begins to accrue)
  - How much you request from your MAC and how should you manage practice costs?

• If volume doesn’t recover quickly to an amount equal to the volume prior to the COVID crisis, recipients of these Advance Payments will find themselves being asked to pay back a balance after at least three months of reduced cash flow.

• Some providers may encounter unique problems:
  - Did you sell your Accounts Receivable and there will be no collections coming in and no new AR?
  - Do you have debt covenants that will be negatively impacted by a reduced AR balance and reduced cash collections?
Questions and Answers

Ramy Fayed
Brian Romine
Questions?

Please submit using the Webex chat feature
Concluding Remarks and Next Steps

Erik Larsen
Sandra Morgan
Summary

1. HCA Healthcare CARES Line in partnership with PwC
   - For PPP and CMS Advance Payment Assistance
   - Available April 13 – May 1 at no cost to you

2. HCA Healthcare Collaborating Lenders Resource Program
   - For physician practices who do not have a bank providing PPP loans
   - Working with Cross River Bank, there is a dedicate HCA Healthcare application link on HCA Healthcare CARES website

3. Paycheck Protection Program FAQs now available on HCA Healthcare CARES website

4. HCA Healthcare CARES Website @ https://www.hcahealthcare.com/hcacares
   - Dedicated webpage for the information and resources developed by HCA Healthcare for independent physicians and practices to access CARES Act financial relief programs

5. Breaking news! Provider Grant Program
   - The previously announced $30 billion infusion out of the $100 billion Provider Grant/Relief Fund begins today, April 10, via direct deposit to eligible providers
Thank you!

Access CARES Act resources here, including the following information:

- HCA Healthcare CARES Line in partnership with PwC
- HCA Healthcare CARES Collaborating Lender Program
- Advance Payment Program
- Health Care Provider Grant Program
- Paycheck Protection Program
- FAQs from CARES Act Session 1: Paycheck Protection Program

The link to the recording is here. Use passcode FqSDde69 to unlock.