

We focus on value, so you can focus on care.



Taking Care of Your Business: Creating a Recovery Mindset During Major Events Resource Guide

Disclaimer: V2V Management Solutions is a healthcare consulting firm. We are not licensed attorney's or certified public accountants. This guide is not intended to replace legal or financial advice from your trusted resources. Before acting on any information provided check with the appropriate legal or financial team. This situation is a constantly evolving landscape be sure to research for most current information.

Finding Ways to Manage Cash Flows

- Preparation and identification for any immediate cash planning needs
 - i. Organize financial data in one place. If you plan to file for relief loans or grants you will need three to four years of financial statements and tax return information. If your organization is owned by a small group of individuals be prepared to request their personal financial statements and tax returns as well.
 - ii. Make a list of the areas of greatest concern and where you may have influence.
 - iii. Require accurate and timely reporting if using external sources for bookkeeping. Get involved – bookkeepers and accountants can't do it all for you.
 - iv. Create and use financial statements for forecasting.
 - v. Use account aging reports to project cash flow for next 90 days and identify potential reductions in revenue in the near future.
 - vi. Forecast short-term cash flow and craft a payment plan.
 - vii. Checks and balances are critical! Pay attention to how funds are handled. A disruption to routine of this magnitude creates opportunity.
 - viii. Check your available lines of credit.
 - ix. Check your business insurance policies for any business interruption coverage parameters.

- Set priorities for managing payables
 - i. Contact bank, vendors, and landlords to determine who has flexibility during this time.
 - ii. Look for payment deferral models, vendors offering credit card access or conversions, and supplier credit lines, etc.
 - iii. Decide who to pay first – e.g., lenders, past-due taxes, urgent vendors to ensure no further business interruption or lack of resources.
 - iv. Offer partial payments, if possible.
 - v. Ask yourself, "If I didn't have "X," would I hire/purchase it now?" If the answer is no, it should be trimmed.
 - vi. Limit supply ordering to key personnel to mitigate unnecessary spending during this time.

- vii. Identify unusual expenses directly needed to manage the current situation: increased or new cleaning service costs; supply costs; temp staff costs, remote workforce costs; technology costs, any capital costs associated with changing facility use or remote access needs. Be sure to document and track these new expenditures for emergency relief funding access.
 - viii. Manage your credit score. Talk to credit decision-makers early and often. Resources for monitoring your credit score include: <https://www.fundera.com/blog/free-business-credit-report>
- Set priorities for accounts receivable management
 - i. Collect everything now - call everyone – don't wait! Focus collections on overdue accounts, require cash payment at time of service, offer discounts on payoff of old account balances. Focus on older AR follow-up, patient balances, make personal calls to patients.
 - ii. Ramp up focus on areas of the claims cycle that allow you to recoup cash quickly. Identify payers that have the quickest claims payment turnaround and ensure those claims are generated.
 - iii. Prioritize the AR by greatest cashflow opportunities. Now is not the time to work the AR by alphabet. Look for best opportunities to collect quickly and focus your attention there.
 - iv. Ensure claims are free of errors and ready for payment. This is no time for mistakes.
 - v. Bill patients as soon as possible.

Tracking Financial Impacts

- Document any unusual expenditures relating to adopting new models of care or specific to unusual demands that are directly related to the emergency circumstances.
- Document lost revenue to support any information disclosures that will be required when requesting credit through various institutions. Create a visit cancellation code specifically for Covid-19 cancellations.
- Create a visit “conversion” code for well visit or routine follow-up visits that are now occurring specifically as telephone visits or e-visits with associated reduced reimbursements.
- Create a supply plan with your vendors to ensure access during anticipated shortages while considering alternative sourcing (neighboring clinics, local retailers, and watch local government announcements). Many non-essential businesses are closed except for emergencies, ask to purchase PPE or disinfectant supplies from a local office, perhaps a veterinarian office.
- Monitor federal and state guidelines regarding emergency relief relating to payroll tax changes, sick leave, FMLA, and labor policies associated with Covid-19 to better understand your obligations as an employer. The Families First Coronavirus Response Act was passed on March 18, 2020. Seek legal guidance if you are conducting layoffs or furloughs. <https://www.congress.gov/bill/116th-congress/house-bill/6201>
- Create payroll codes for covid-19 specific OT, Sick Time, Paid Time off, to track costs of workforce impacts. Keep very clear records for any furloughs or layoffs to provide for proof of impact in the event there is a requirement for documentation.
- If creating virtual/remote workplace options be sure to follow security and privacy restrictions.

Identifying and Addressing the Gap Needs

- Look at deployment of new sources of revenue, an excellent current example is telehealth service lines.
 - i. Before embarking be cautious on taking on new risks without adequate planning.
 - ii. Complete an ROI exercise even if its fairly basic. Do the exercise to consider revenue impacts comparative to costs outlay and risk exposure.
- Ensure you are capturing all possible billable activities such as reimbursable e-visits and telephone visits. Research your local payers for their policy guidelines. Don't leave money on the table so to speak.
- Address potential gaps in provider and staff coverage.
 - i. Get creative, as some organizations have high demand others are experiencing significant volume declines.
 - ii. Consider establishing short term business to business contracts for excess staffing resources to aid healthcare institutions in need thus creating income streams to support the payroll outlays.
 - iii. Maintain an effective workload for your key personnel. Be creative in how you are using your staff. This is not business as usual. If you are financially able and not drowning in patient volume – temporarily repurpose staff -even providers. Work on things that can reposition your business to a better place when things return to normal. (policy development, lean processes, using providers in other clinical capacities, declutter, AR management, and deep clean).

Monitoring Relief Fund Opportunities

- SBA Economic Injury Loan – [The Coronavirus Preparedness and Response Supplemental Appropriations Act](https://disasterloan.sba.gov/ela/) ; <https://disasterloan.sba.gov/ela/>
 - i. The SBA is offering designated states and territories low-interest federal disaster loans to small businesses suffering substantial economic harm as a result of the coronavirus.
 - ii. These loans may be used by small businesses to pay fixed debts, payroll, accounts payable and additional bills that can't be paid because of COVID-19's impact. The interest rate is 3.75% for small businesses without other available means of credit. The interest rate for non-profits is 2.75%. Businesses with credit available elsewhere are not eligible.
 - iii. The SBA loans come with long-term repayments, up to a maximum of 30 years, in an effort to keep payments affordable. Loan terms are determined on a case-by-case basis, according to individual borrower's ability to repay.
 - iv. The SBA has amended its disaster loan criteria to help borrowers still paying back SBA loans from previous disasters. By making this change, deferments through December 31, 2020, will be automatic. Hence, borrowers of home and business disaster loans do not have to contact SBA to request deferment.
- SBA Express Bridge Loans <https://www.sba.gov/document/support--express-bridge-loan-pilot-program-guide>
 - i. Express Bridge Loan Pilot Program allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 with less paperwork. These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing and can be term loans or used to bridge the gap while applying for a direct SBA Economic Injury Disaster loan. If a small business has an urgent need for cash while waiting for decision and disbursement

on Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan.

- ii. Terms include up to \$25,000 with fast turnaround.
- iii. Will be repaid in full or in part by proceeds from the EIDL loan.
 - i. Contact your Lender to determine if they are associated Express Lenders.
 - ii. Find an Express Bridge Loan Lender via SBA's Lender Match Tool or by connecting with your local SBA District Office. <https://www.sba.gov/local-assistance/find/?type=SBA%20District%20Office&pageNumber=1>
- SBA Community Block Development Grants
 - i. SBA grants access to use grant dollars as loans to support local clinics, hospitals, and nonprofits effected.
 - ii. Must contact local SBA office to determine if any are available in your area and what specific terms exist.
- Small Business Loan Provisions of the CARES Title I- Keeping American Workers Paid and Employed Act pending approval:

<https://www.bipc.com/senate-passes-phase-iii-of-covid-19-economic-stimulus-package;>

<http://www.taylorporter.com/blog/post/senate-approves-2-trillion-cares-act-stimulus-package-house-votes-friday>

- i. Qualified SBA lenders would be able to loan money directly to eligible customers, who can apply for loans directly through those lenders rather than through the Small Business Administration and its on-site portal.
- ii. Applies to loans made to employers of 500 or fewer employees during the “covered period” beginning on February 15, 2020 and ending on June 30, 2020.
- iii. The general formula which applies to most employers for purpose of calculating the maximum amount of the loan (which cannot exceed \$10 million) is as follows:
 - a. The maximum loan amount shall be the lesser of:
 - 2. the average total monthly payments by the applicant for payroll costs incurred during the 1-year period before the date on which the loan is made (this time period differs for seasonal employers), multiplied by 2.5; OR
 - 3. \$10,000,000.
- iv. The Act appears to preclude a borrower that has already applied for and received an EIDL loan for payroll costs from duplicating that application through the new program. Thus, a small business may prefer to hold off on an EIDL application pending passage of this legislation.
- Traditional lending alternatives.
 - i. Obtain a working capital line of credit from your local lender.
 - ii. Consider using short term credit card solutions if the need is not significant and can be repaid quickly.

Determine next day's tasks each night

You will not get it all done in a day while putting out fires – make a list with timetables and revisit each day's “must do's”. Small steps frequently is what it will take.