5 vital lifelines still needed for struggling physician practices

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As our nation’s health care system strains under the weight of COVID-19, independent physician practices have had to make difficult decisions about reducing hours, taking pay cuts, and furloughing staff even as the number of cases continue to grow.

This has dealt another crushing economic blow to communities already reeling from the loss of business and commerce under strict physical distancing requirements, stay-at-home orders and the cancellation of all non-urgent medical care.

While so much of the conversation around COVID-19 has appropriately focused on testing and supply shortages, the lack of available protective equipment for frontline workers, and the devastating threat to public health, it’s important to also remember the mounting financial toll this pandemic has placed on physician practices, forcing some to shut their doors and lay off staff – possibly for good.

The urgency of these financial losses were underscored in a number of questions I received at our AMA Physician’s Town Hall last week, as physicians wondered aloud whether they would have the cash flow necessary to pay rent and cover even the most basic expenses.

Given the magnitude of this crisis and the continued uncertainty about the pandemic’s path, it’s critical we act now to provide private physician practices with the financial support they so desperately need to weather this storm.

Congress took a crucial step earlier this month when it passed the Coronavirus Aid, Relief and Economic Security (CARES) Act, which allocates up to $100 billion in financial relief for hospitals, physician practices and other health care organizations. The U.S. Department of Health and Human Services began sending out the first $30 billion on Friday in the form of emergency funding support health care-related expenses or lost revenue attributable to COVID-19.

This funding, along with financial support through the Small Business Administration loans, Medicare Advanced Payments, Main Street Lending Program, and payroll tax-related benefits are vital lifelines that can help sustain practices until communities can return to some sense of normalcy.

The AMA and other physician organizations fought hard to ensure this funding would be available to physicians and their practices, recognizing the critical roles they play in the fabric of our health system.

URL: https://www.ama-assn.org/about/leadership/5-vital-lifelines-still-needed-struggling-physician-practices

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and as important economic drivers in their communities. The AMA has created a number of resources, including the “Physician Practice Financial Relief Guide,” to help physicians better understand what funds are available and what they may be eligible to receive.

5 essential steps

While physicians are grateful for the actions already taken by Congress and this Administration, in a letter to Congressional leaders today, the AMA urges additional steps that must be taken to preserve the viability of independent physician practices. These steps include:

**Additional direct financial support.** We call on Congress to authorize direct financial support, grants, and interest-free loans and other mechanisms, such as a 9/11-type COVID fund, for physician practices of all sizes. Reimbursable expenses should include payroll costs and other overhead costs, as well as payments made to outside firms for billing and IT purposes, especially for those practices that are too small to maintain part/full-time staff for these functions.

**Loan program.** It is clear that the new small business loan program authorized in the CARES Act, the Payroll Protection Program (PPP), is already overwhelmed with applicants seeking assistance. The PPP needs an urgent infusion of additional funding in order to adequately respond to the need for these loans.

**Residents and medical students.** For residents and early graduated medical students, whose debt averages over $200,000, we urge Congress to provide at least $20,000 of federal student loan forgiveness or $20,000 of tuition relief. These benefits should also be made available to third- and fourth-year medical students who are willing, and deemed competent, to begin providing early direct patient care for patients with COVID-19, or who are making other significant contributions to the pandemic response through research, public health, and telemedicine.

**Medicare and Medicaid Payment.** While the Medicare Access and CHIP Reauthorization Act (MACRA) of 2015 included modest positive payment updates in prior years, it left a six-year gap from 2020 through 2025 during which there are no annual updates at all. It’s vital that Congress implement a positive update similar to those other providers received in 2020, as physicians put their lives on the line to treat patients with COVID-19.
Loan repayment. While the Centers for Medicare & Medicaid Services (CMS) has worked quickly to provide flexibility to physicians who need financial assistance, there are significant concerns about the ability of physician practices to repay this amount of money while patients remain at home and physicians delay non-urgent procedures. We urge Congress to postpone recoupment until 365 days after the advance payment is issued and to extend the repayment period for physicians to at least two years. We also urge a reduction in the per-claim recoupment from 100 percent to 25 percent.

Protecting independent physician practices from financial ruin as a result of COVID-19 is crucial to protecting access to care for millions of patients. We must do everything we can to make sure Congress and this Administration understand the financial risks they face in this pandemic, and the tremendous hole they would leave in our health care safety net if we allow them to fail.