



Covid-19 Resources

FAQs – October 22, 2020

Getting you the answers to the many questions related to Covid-19 and its impact to you is our first priority. Things continue to evolve and change very rapidly, but please know that our team is working as quickly as possible to understand all that is taking place and going to the source for the answers. Our goal is to get you answers and information that is in **your** best interest and not get waylaid with distractions. Below are the most recent questions we have been fielding.

BREAKING NEWS: HHS Reporting Requirements Updated on October 22, 2020

The HHS has reversed their position on limiting PRF funds to lost Operating Profit (“to prohibit most providers from becoming more profitable than they were pre-pandemic”). After significant feedback and concerns of this approach, the HHS has amended the reporting instructions to apply PRF money towards lost revenues attributable to coronavirus. This is great news and should allow most Dentists to retain their 2% PRF payments and could allow for additional add-on payments under Phase 3.

Q1. Should I apply for the Phase 3 HHS Provider Relief Fund?

First, determine if your previous 2% HHS payment amount covered your unreimbursed coronavirus expenses plus any drop in revenue so far this year. If the previous funding amount did not cover all of your coronavirus expenses and drop in revenue, then you could be eligible for an additional payment assuming funds are available. To apply, you will need to provide a Profit & Loss Statement with your application by Quarters to document this during the application process. Deadline to apply is November 6th and you will also have 90 days to accept the terms and conditions under Phase 3, if approved.

While HHS has made payments on a rolling basis under the previous general distributions, Phase 3 final payment amounts for applicants who have already received payments equaling 2% of annual patient care revenue will be determined once all applications have been received and reviewed. The payment methodology under Phase 3 will ensure a provider has received 2% of annual revenue from patient care either as part of the previous phases of the General Distribution or under a Phase 3 payment which has expanded the eligibility for other providers. Phase 3 will also take into account a provider’s change in operating revenues from patient care, minus their operating expenses* from patient care but will also take into account funds received and kept under prior General and Targeted Distributions.

*It is unclear at the moment if the recent changes in the reporting requirement will also affect the add-on payment methodology under Phase 3.

Q2. PPP Filing – Should I file yet?

New guidance from the SBA appears to make it much easier for businesses to apply for PPP forgiveness if their loan was under \$50,000. You will not have to calculate a potential reduction in forgiveness based on employee hours and wages.

Part of the reason we have been encouraging most to wait on applying is the complexity around these calculations. With this issue removed, those that have loans under \$50,000 may be thinking about applying as soon as their bank allows. However, there may still be some logistical hurdles for banks to clear with regards to this new guidance. Furthermore, even if the bank accepts your application, the SBA may still delay their end of the process. We are confident that once those issues are resolved, most who qualify under this threshold should be able to complete the process with little to no assistance.

For those that received loans over \$50,000, there is still the possibility of additional simplifications to come, possibly for loans up to \$150,000. If you fall in this range, we still recommend holding off for now, unless there are other circumstances, such as a possible practice sale, that would necessitate earlier forgiveness.

If you plan on engaging our services to assist with the application, we anticipate that come January much of our time will be spent on tax compliance and other matters. Thus, we recommend either applying before January (which may result in unforeseen difficulties being part of the first wave of applicants), applying without our assistance during tax season, or waiting until after next April when we will have more resources available to help.

As we have mentioned before, you have until 10 months after your covered period ends during which no payments are due. Assuming you meet the requirements and achieve maximum forgiveness, there is no financial disincentive to waiting.

Q3. What do I do with settlement payment(s) from the Dental Supplies Antitrust Litigation?

We are seeing settlement checks being received from the class action lawsuit. This is considered income and is being reported to the IRS and should be deposited into your business checking account. Be sure to also create a new other income account called “Settlement Income” within QuickBooks in order to segregate these from the rest of your deposits and properly report the income for tax purposes. If you have also received a 1099-MISC please forward a copy to your account manager, especially if there is federal withholding tax, as that will need to be accounted for separately.

Dental Group, LLC - We continue to work both in the office and remotely. Our meetings will be done via teleconference and or online collaboration. If you plan to drop off documents, please call ahead to coordinate a time when we will be in the office as there is no safe place to leave documents at the door.

If you have any questions, please do not hesitate to contact us directly at (425) 216-1612.