



Dental Industry Update

How the Coronavirus Could Impact Your Dental Practice

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The Dental Division of HMWC has been closely following the situation involving the COVID-19 virus. We care deeply about all of our clients and the dental profession that we serve and we would like to provide you with action to consider taking to help your practice through what promises to be a challenging time.

California Dental Practices

The California Dental Association has sent e-mails to their members and has posted on their [website](#) a recommendation that all dentists close their offices for 14 days for services other than emergency services. The decision as to whether or not you close your is complex and has both legal and financial ramifications.

Dental Practices Outside of California

For practices outside of California, we are aware that the State of Massachusetts has taken a similar action. Given the current environment, we could see all 50 states follow the lead of Massachusetts and California.

If you choose to keep your office open during this time, we strongly urge you to contact a licensed attorney to discuss the legal consequences of continuing to see patients. We suspect that a large number of dentists will close their offices pursuant to the CDA's recommendation. We have already received notification from many of our clients that they are doing so.

Financial Considerations

We also realize that whether you keep your office open or not, the current COVID-19 pandemic is going to present significant financial difficulties for all of our dentist clients. To help mitigate the financial impact of the pandemic, be sure you have sufficient financial reserves to see you through this uncertain period. Here are some options that could be helpful to you.

Accumulate funds: Look at your practice financial situation and accumulate as much money into your practice accounts as possible. This includes your practice savings account, checking account, accessing business and personal (including home equity) lines of credit, and use of personal savings accounts. If you access money from personal funds, be sure to note them in your accounting records as a contribution from the owner and not practice income.

Line of credit: Consider drawing on a line of credit and placing the funds into your business bank account, just in case banks shut down these lines. Check with your bank to make sure there are no negative ramifications to drawing on your line of credit. Having the funds in the bank if our banking system has issues in the coming weeks and months would be very helpful.

Insurance policy: You might have Business Overhead or Business Interruption insurance. While it is our understanding that many policies would not cover a shutdown due to a virus, it would be a good idea to contact your insurance agent to determine if your policy covers this situation.

Retirement plans: For those of you who have qualified retirement plans (this does not include SIMPLE-IRA or traditional IRA accounts), you can generally borrow up to 50% of your vested interest in your account up to a maximum of \$50,000. If both you and your spouse have retirement accounts, you could potentially borrow up to \$100,000, depending on your balances. This can be accessed quickly; however, you should speak with your third-party pension administrator to see if you qualify as paperwork needs to be drawn up.

Loans: If you have loans within your practice, consider contacting your bank to see if they would allow for a deferment of payments or allow you to make interest-only payments for a period of time during this difficult period. We have already spoken to a few of the dental-specific lenders who are working on plans to help dentists during this challenging time. We will pass on information as it becomes available. Also consider talking to your landlord about possibly making partial rent payments for a month or two and adding the unpaid rent onto the remainder of your lease.

Reduce spending: Look seriously at cutting personal spending as much as possible.

Paying Employees

One decision you will need to make if you choose to shut down your practice is whether to continue to pay your employees. If you choose to shut down your practice and you choose not continue to pay your employees, or if you choose to continue practicing and cut your team members' hours, our strong recommendation is that you contact a California labor law attorney to discuss the legal consequences of this. We can provide names of several attorneys who can give you advice in this area.

In addition, the [California Employment Development Department](#) has provided information for employees who have had their hours reduced or eliminated during this period. This outlines how they can immediately apply for benefits even if you are only temporarily closing your office. Governor Newsome has issued an executive order waiving the one-week unpaid waiting period. When you click onto this link, it is discussed under the section "Workers" and "Reduced Work Hours". There is a lot of excellent information about this topic on this site.

There is legislation currently working its way through Congress that will provide for paid sick and paid family and medical leave. There could be questions and requests from your team members about these laws, which are intended to help employees affected by this virus. **Our recommendation would be to contact a labor attorney to discuss your options.** The bill passed by the House of Representatives would not provide immediate financial relief to businesses. Once legislation is passed by both houses of Congress and signed by the President, we will update you on this.

Tax Deadlines

As of the writing of this letter, there has not been an announcement that the April 15th federal individual income tax filing deadline is being extended, nor is anything in the pending legislation that gives a payroll tax reduction to employees. We are closely monitoring this and will communicate with you when and if there are any changes.

Communication

Communicating with your patients is critical. We have been in contact with dental coaches and consultants and they have agreed to be available on a complimentary basis to discuss with you and/or your team the necessary messaging you should convey to your patients. If you would like a referral to one of these outstanding professionals, please call our office.

Finally, please remember that this is uncharted territory and things are moving very rapidly. Unlike the crisis in late 2008, this is not an economic crisis but a public health crisis. While it is real, it is, to some extent, being driven by fear. The dental profession came through the 2008 economic downturn better than virtually any profession, and once the medical issues of this virus subside life will begin to return to normal.

The Dental Services Group at HMWC is here for you. Please [call on us](#) for any help or advice you need. If we do not have the answer, we will do our best to point you in the right direction to get you the answer.

Additional news and information is available at hmwccpa.co/covid19 and eidebailly.com/covid19.