



Dental Industry Update

Update for our Clients and Friends in the Dental Community Regarding the Impact of COVID-19 on the Dental Profession

by Art Wiederman, CPA, Partner

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Last week, the Dental Division of HMWC issued a letter to our clients and friends in the dental community discussing the financial aspects of the COVID-19 Virus. For dentists, it became very real when on Sunday, March 15, both the American Dental Association and the California Dental Association issued strong recommendations that dental offices close for all services other than emergency services. We want take this opportunity to provide you with additional, updated information as of today.

LOANS AND LOAN RELIEF

We have been in contact with the dental-specific lenders who hold the majority of loans that dentists have taken for their practices. Virtually all of them are offering two to three months (and in some cases interest-free) deferrals of loan payments during these challenging times.

Our recommendation is to call your lenders (whether dental specific or not) and ask for this relief. We have had many clients do so, and it is available.

In addition, the [U.S. Small Business Administration](https://www.sba.gov), under their SBA Express Disaster Assistance Program, is making loans of up to \$2 million to distressed businesses. We recently attended an excellent webinar produced by several professional companies in the dental profession. A presenter, who is a banker, indicated that loans could be used for working capital with interest rates below 4% with no prepayment penalty and with terms up to 30 years. Please note this reliable source is a much-respected dental lender in our community. Go to [sba.gov](https://www.sba.gov) to apply.

EMPLOYEE COMPENSATION

We have received a number of questions from our clients regarding employee compensation issues due to dental office closures. While we cannot provide legal advice, we can provide a few references of professionals who can assist you with legal questions regarding compensation and employment issues:

- HR FOR HEALTH: www.hrforhealth.com 877.779.4747
- CARLSON & JAYAKUMAR: www.cjattorneys.com 949.222.2008
- WALRAVEN & WESTERFIELD: www.walravenlaw.com 949.215.1590

TAX FILING DEADLINES

The IRS has extended both the tax filing date and the tax payment date to July 15. California has followed suit. Detailed information can be viewed [here](#). A payment extension affords you the use of funds you owe to the government for three additional months. If you have a significant balance due, there is no need to file an extension on or before April 15. It is our intention to complete tax returns as we have in prior years. For those anticipating a refund, we will finish your returns as soon as possible once we receive all of your information.

NEW LAWS

FAMILIES FIRST CORONAVIRUS RESPONSE ACT – President Trump signed this act on March 18, which generally requires employers with under 500 employees to provide paid sick leave and paid family and medical leave benefits to employees who are affected directly by the virus or who need to stay home due to schools closing to take care of children. It takes effect on April 2 and expires at the end of this year.

If you are required to provide benefits under this new law, Congress is going to pay for it through a payroll tax credit.

One important provision of the act that dentists need to be aware of: the Secretary of Labor may exclude certain health care providers, emergency responders and employees of businesses with less than 50 employees from the expanded qualified leave rules. This would occur when the imposition of these rules could jeopardize the viability of the business. It is too soon to tell whether individual dental practices can claim this exemption. Detailed information can be viewed [here](#), and we will provide additional information as it becomes available.

FEDERAL GOVERNMENT STIMULUS ACT – This situation is changing hourly. [This article](#) from the *Washington Post* discusses the proposal now in Congress to provide a \$1 trillion economic stimulus package, which would send checks to Americans whose incomes are generally under \$100,000.

ACTION ITEMS YOU SHOULD CONSIDER IN THESE DIFFICULT TIMES

Based on our extensive experience in the profession, here are some action items you should consider in the days to come:

- **Leadership is key during this critical time.** While we are in uncharted territory, this situation will pass and you will be going back to work. It is important that you preserve what you have built over the years. Be proactive and put a plan together. Your team is looking to you for leadership.
- **Talk honestly to your team.** Everyone knows this is a serious situation. Project confidence and be realistic. Let your team know that you care about them and that you are in this for the long run. Be honest with them on key issues, like compensation while your office is closed. One of our partners has a great saying... "The truth will set you free."
- **Communicate with your patients.** If you are open for emergencies, let your patients and the community know this via letter, website, social media, etc. Consider this – a patient has an emergency and their dentist's office is not open. They find you and you can take care of their emergency. You may have a new patient. On the flip side, if you are closed and are not treating emergencies, a patient of yours might find another dentist who is. Also, be sure to check with your state dental society and dental board to be sure you are in compliance if you do choose to treat emergencies.

- **Remember cash is king.** We recommend that you develop a 30, 60, and 90 day plan on how you will pay your bills and keep your office open. If you have a practice line of credit, you might consider accessing that so you are prepared to cover overhead during the pandemic. In our previous communications, we gave you some ideas on this, but feel free to contact us if you have additional questions. We are available to work with you to help develop a custom plan for your dental practice. Give us a call or send an [e-mail](#) and we will engage immediately.
- **Contact your credit card company.** Some credit card companies are offering zero interest and zero payment options for a limited time and other payment deferral options. [This article](#) that outlines what some credit card companies are offering.
- **Call your investment advisor.** We have all seen the sudden drop in the stock market indices. Have a conversation with your investment advisor to be sure you understand their strategy for your portfolio.
- **Support the ADA's efforts to petition the federal government to provide support to the dental profession.** The ADA is strongly lobbying Congress to provide dentists with loans, student debt deferral, elimination of payroll taxes, and other financial relief. Please support the efforts of the ADA by letting your [congress members](#) know how important these provisions are for your dental practice.

ADDITIONAL RESOURCES

- CDA held a webinar hosted by labor attorney and HR for Health President Ali Oramchian. A recording of this webinar is available on the [CDA web site's COVID-19 page](#), along with a plethora of other resources. Or, simply text **CDACOVID** to **44222** to provide your email address and receive resources and information via email.
- On March 24, Art Wiederman's podcast "The Art of Dental Finance and Management" will feature an interview with world-renowned dental consultant, Linda Miles. Art and Linda will discuss more of what you should be doing to keep your practice in tact now and into the future. More information will soon be available [on our website](#).
- Art will be the keynote speaker on a webinar, "Accelerate Your Dental Practice Recovery after COVID-19". The webinar will also feature several other well-known members of the dental community, who will share many tips, tools, resources, **and over 10 CE Credits**. [Click here](#) to register.

The HMWC dental team cares deeply about our clients and the dental profession. If you need anything during this difficult time, please call us and if we do not have the answer, we will find it for you. Stay safe, and if we all do our part this crisis will end sooner rather than later.

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