

HHS Quarterly Calculation Example

One Doctor General Dentist Practice

	31-Mar-19			31-Mar-20		
	Annual	Percent of Collections	6-Month Average	Annual	Percent of Collections	6-Month Average
Income						
Net Collections	\$320,000	100%	\$53,333	\$310,000	100%	\$51,667
Direct Costs						
Staff Salaries	65,000	20.31%	10,833	58,500	18.87%	9,750
Payroll Taxes	6,000	1.88%	1,000	5,400	1.74%	900
Lab	21,000	6.56%	3,500	21,000	6.77%	3,500
Dental Supplies	19,000	5.94%	3,167	19,000	6.13%	3,167
Depreciation	8,000	2.50%	1,333	8,000	2.58%	1,333
Interest Expense	1,000	0.31%	167	1,000	0.32%	167
Total Direct Costs	120,000	38%	20,000	112,900	36%	18,817
Net Profit	\$200,000	63%	\$33,333	\$197,100	64%	\$32,850

	30-Jun-19			30-Jun-20		
	Annual	Percent of Collections	6-Month Average	Annual	Percent of Collections	6-Month Average
Income						
Net Collections	\$320,000	100%	\$53,333	\$180,000	100%	\$30,000
Direct Costs						
Staff Salaries	65,000	20.31%	10,833	34,500	19.17%	5,750
Payroll Taxes	6,000	1.88%	1,000	3,200	1.78%	533
Lab	21,000	6.56%	3,500	11,800	6.56%	1,967
Dental Supplies	19,000	5.94%	3,167	10,000	5.56%	1,667
Depreciation	8,000	2.50%	1,333	8,000	4.44%	1,333
Interest Expense	1,000	0.31%	167	1,000	0.56%	167
Total Direct Costs	120,000	38%	20,000	68,500	38%	11,417
Net Profit	\$200,000	63%	\$33,333	\$111,500	62%	\$18,583

CWA Observations:

This example illustrates an average scenario based on CWA observations of a one-doctor general dentistry practice in a quarterly comparison of 2020 vs. 2019.

Most practices experienced growth in January and February before the shutdown in mid-March, with collections beginning to trail off at the end of March. Collections in April were immaterial, but most practices began reopening in mid-May and production immediately began to recover at the end of Q2. This led to most practices collecting 50% plus their average in May and nearly a full recovery in June. The expenses in Q1 were nearly the same as 2019 with the only change being an estimated 10% reduction in salaries as offices laid-off staff for the last half of March 2020. Major direct costs were very low in April including staff. As offices reopened in mid-May, employees returned and salaries were about 50% of normal in May and then back to 100% in June.

The net profit for this example practice was nearly the same for Q1 but for Q2 was down by about \$90,000. In many cases, a practice like this would have received about \$80,000 in PPP loans and \$25,000 in Phase 2 HHS stimulus, for a total of \$105,600. When these amounts are considered, the net profit in 2020 increases to greater than 2019. For practices similar to this example, CWA believes it will be difficult to qualify for additional HHS stimulus funding based on net profit, as HHS is requiring the applicant to report revenue and certain expenses. HHS has stated that eligible businesses yet to receive 2% will receive the payment first. Only then will any remaining amount be divided by applicants based on an unknown formula, likely to require a decrease in net profit, taking into consideration other government assistance.