

# SUPPORT FOR HEALTH PROVIDERS

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*Courtesy House Energy & Commerce, Ways & Means, and Small Business Committee Republican Staff*

Our nation's health care providers are on the front line of providing care and treatment to patients during the ongoing COVID-19 pandemic, but they are also employers, job creators, and in many cases, small businesses integral to the fabric of their local communities. Congress and the Administration have provided new resources for employers as part of the federal government's COVID-19 response.

## **S. 3548, the Coronavirus Act, Relief, and Economic Security (CARES) Act (Phase III) included:**

### **Paycheck Protection Program**

The CARES Act established the Paycheck Protection Program, a small business loan program designed to provide a direct incentive for small businesses to keep their workers on the payroll. Importantly, these loans may be forgiven if borrowers maintain their payrolls for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.

According to the Small Business Administration (SBA), the following entities may be eligible:

- Any small business concern that meets SBA's size standards (either the industry based sized standard or the alternative size standard)
- Any business, 501(c)(3) non-profit organization, 501(c)(19) veterans organization, or Tribal business concern (sec. 31(b)(2)(C) of the Small Business Act) that employs not more than:
  - 500 employees, or
  - the SBA industry size standard (if more than 500)
- Any business with a NAICS Code that begins with 72 (Accommodations and Food Services) that has more than one physical location and employs not more than 500 per location
- Sole proprietors, independent contractors, and self-employed persons

According to SBA, a business "can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should consult with your local lender as to whether it is participating in the program."

*NOTE: Generally speaking, providers with 500 or fewer employees are eligible for PPP and all providers are eligible for the Employee Retention Tax Credit (described below) and the Payroll Tax Delay (described below). However, providers that receive a PPP loan generally would be ineligible for both the Employee Retention Tax Credit and the Payroll Tax Delay.*

### **Employee Retention Tax Credit**

Generally, the CARES Act established an employee retention tax credit for employers who are closed, partially closed, or experiencing significant revenue losses as a result of COVID-19. To the extent they are forced to suspend operations, are subject to shelter in place orders, or face 50% fall in revenues, health providers may also be eligible for the employee retention tax credit for certain wages paid to staff who aren't able to work normal schedules.

Generally, employers who receive a Paycheck Protection Program (PPP) loan and governmental employers are not eligible for the Employee Retention Tax Credit.

### **Payroll Tax Delay**

The CARES Act provided employers the option of delaying payment of the employer portion of Social Security taxes that normally would need to be paid to the Federal government for the period from March 27, 2020 to December 31, 2020.

Generally, employers who receive a Paycheck Protection Program (PPP) loan are not eligible for the Payroll Tax Delay.

## **\$100 billion for direct relief to hospitals and other frontline providers**

The CARES Act allocated additional \$100 billion for the Public Health and Social Services Emergency Fund. This new funding is designed to provide an influx of money to hospitals and other health care entities responding to the coronavirus pandemic.

An initial distribution of \$30 billion in grants will go to health care providers and hospitals who are handling most COVID-19 patients and to Medicare hospitals and providers in proportion to the amount of payments they received from Medicare in fiscal year 2019. Taking this approach allows money to be distributed to hospitals and providers as quickly as possible, utilizing information the federal government already had available. Nearly 500,000 providers will receive this through electronic deposit to their accounts. Providers who normally receive a paper check for reimbursement will receive a paper check in the mail for this payment as well, within the next few weeks.

Within 30 days of receiving the payment, providers must sign an attestation confirming receipt of the funds and agreeing to the terms and conditions of payment. The portal for signing the attestation will be open the week of April 13, 2020.

Subsequent distributions are expected to focus on COVID-19 hot spots and providing for uninsured care. Details on these distributions is still forthcoming.

- More information is available at [hhs.gov/providerrelief](https://hhs.gov/providerrelief)

## **Relief from the Medicare Sequester**

The CARES Act temporarily lifts the Medicare sequester from May 1 through December 31, 2020, providing immediate economic assistance to health care providers on the front lines fighting COVID-19, boosting payments for hospital, physician, nursing home, home health, and other care. The sequester currently reduces payments to Medicare providers by 2 percent.

## **Expansion of the Accelerated and Advance Payment Program**

The CARES Act accelerated and advanced payments so doctors and hospitals can receive funds quickly. CMS has delivered approximately \$51 billion to the health care providers on the frontlines through the expansion of the Accelerated and Advance Payment Program.

- CMS Fact Sheet: [Expansion of the Accelerated and Advance Payments Program for Providers and Suppliers During Covid-19 Emergency](#)

## **Additional Resources**

- [Small Business Guide](#) Courtesy of the House Small Business Committee
- [Paycheck Protection Program](#) Courtesy the Small Business Administration
- [Information for Small Businesses](#) Courtesy the U.S. Treasury Department
- [FAQs on Paycheck Protection Program \(PPP\) Loans](#) Courtesy the U.S. Treasury Department
- [FAQs: Employee Retention Credit](#) Courtesy the Internal Revenue Service