



Summary of CARES Act & Other Legislation Financial Relief Opportunities for Physician Practices Revised: 4/24/2020 (see below for new information in Red)

Purpose: This summary of the CARES Act and other legislation passed to respond to the Covid-19 pandemic is intended to provide *private practice physicians affiliated with Trinity Health* with simple, easy to digest information that may help their small businesses as important members of Trinity Health communities survive during this crisis and continue to serve our communities in a post-Covid world. Links to resources are included where available to direct the reader to more detailed information, and how to access the specific government program, are included where available in this document.

Disclaimer:

Trinity Health has attempted to provide you with a helpful resource to assist you to identify the various government programs and changes that may be of value to you during the national COVID-19 pandemic. Please note that the government is making resources and assistance available to enable you to obtain assistance during this emergency. This summary does not replace your own advisors and is an overview for your convenience. This summary may not include all Federal programs for which a physician practice may qualify, nor does it imply every physician practice will qualify for the programs summarized in this document. We have provided a Frequently Asked Question document regarding the SBA "Payroll Protection Program", but we recognize that all questions are not asked nor answered as this and other programs are in their infancy. Readers are advised to understand the eligibility rules, interactions of one program to others, and payback or forgiveness rules within these programs and to make decisions based on your independent research and understanding of the rules governing each program.

NEW: By a vote of 388 to 5, the House passed the *Paycheck Protection Program and Health Care Enhancement Act*, a \$484 billion COVID-19 emergency supplemental package which provides \$75 billion in funding for hospitals and other healthcare providers, \$25 billion for COVID-19 testing and \$310 billion for the Paycheck Protection Program. The Senate unanimously approved the measure yesterday and President Trump is expected to sign the bill.

The Department of Health & Human Services (HHS) has announced \$30 billion in immediate relief funding to providers in support of the national response to COVID-19, as part of the distribution of the \$100 billion provider relief fund provided for in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This site is open to all providers, regardless of network affiliation or payer contract. HHS is contracting with UnitedHealth Group to facilitate delivery of the funds. This is explained in the following link: <https://www.hhs.gov/provider-relief/index.html>

For those that received a distribution from the \$30 billion Public Health Fund (out of the \$100 billion), the portal to attest is now available here: <https://covid19.linkhealth.com/#/step/1>

Providers who have been allocated a payment from the initial \$30 billion general distribution must sign an attestation confirming receipt of the funds and agree to the terms and conditions within 30 days of payment.

Small Business Administration Loans

There are three loan types via the SBA; Expanded Section 7(a) loans, Paycheck Protection Program, and the Economic Injury Disaster. All loans have a forgiveness policy.

Section 7(a):

Overview: The CARES Act provides economic relief to small businesses through Small Business Administration loan guarantees and subsidies. The SBA program primarily provides financial assistance to small business thru the 7(a) loan program. The CARES Act increases the maximum 7(a) loan amount from \$5 Million to \$10 Million. The law also expands eligible uses of 7(a) loans to include payroll support, employee salaries, mortgage payments, insurance premiums and other debt obligations, and makes other important changes. Under the CARES Act, entities eligible for 7(a) loans include small business, non-profits and veteran organizations with fewer than 500 employees.

"Paycheck Protection Program" Loan:

Overview: The CARES Act, signed into law on March 27, authorized \$349 billion in loans to cover small business payroll costs under the Paycheck Protection Program (PPP) with the purpose of helping employers retain employees at their current pay. Loans can be forgiven if employers keep their employees on the payroll for 8 weeks after the loan origination date. Applications can be made beginning April 3rd.

Eligibility: Small businesses, sole proprietors, independent contractors, gig economy workers, and self-employed individuals are eligible. Small businesses are defined as 500 or less employees unless the industry has an employee-based size standard provided by the SBA that is greater than 500 employees. 501(c)(3) organizations with fewer than 500 employees are eligible as well.

This is a first-come, first-served process, so you will need to be ready when your bank starts taking applications. The Treasury has posted the [final application](#), which you can use to help you prepare. But note that banks, including [Fifth-Third](#) and [Chase](#), will have their own forms. Check your bank's website to see what documents they may need.

This link to the Medical Group Management Association provides a detailed summary and step by step calculation of loan amount to be requested.

<https://www.mgma.com/getattachment/Resources/Resources/Government-Programs/Financial-assistance-for-medical-groups-under-500/Financial-Assistance-for-Employers-under-500-final-Post-V-1.pdf.aspx?lang=en-US&ext=.pdf>

Economic Injury Disaster Loan (EIDL):

Overview: Emergency loans. Authorizes \$10 billion for an "emergency" Economic Injury Disaster Loan (EIDL) to eligible entities with not more than 500 employees. Allows an eligible entity that has applied for an EIDL loan to request an **advance** on that loan, of not more than \$10,000, which the SBA must distribute within 3 days. Advance payments may be used for providing paid sick leave to employees, maintaining payroll, meeting increased costs to obtain materials, making rent or mortgage payments, and repaying obligations that cannot be met due to revenue losses. If a small business receives a Paycheck Protection Program loan that is

forgiven (see above) any advance amount received under the emergency EIDL would be subtracted from the amount forgiven in the Paycheck Protection Program loan. (Section 1110) <https://www.sba.gov/funding-programs/disaster-assistance>

Accelerated Medicare Payments

Overview: Accelerated and advance Medicare payments provide emergency funding and addresses cash flow issues based on historical payments when there is disruption in claims submission and/or claims processing. These expedited payments are typically offered in natural disasters to accelerate cash flow to the impacted health care providers and suppliers. In this situation, CMS is expanding the program for all Medicare providers throughout the country during the public health emergency related to COVID-19. The payments can be requested by hospitals, doctors, durable medical equipment suppliers and other Medicare Part A and Part B providers and suppliers.

Eligibility: To qualify for accelerated or advance payments, the provider or supplier must:

- Have billed Medicare for claims within 180 days immediately prior to the date of signature on the provider's/ supplier's request form,
- Not be in bankruptcy,
- Not be under active medical review or program integrity investigation, and
- Not have any outstanding delinquent Medicare overpayments.

Medicare will start accepting and processing the Accelerated/Advance Payment Requests immediately. CMS anticipates that the payments will be issued within seven days of the provider's request. An informational fact sheet on the accelerated/advance payment process and how to submit a request can be found here:

www.cms.gov/files/document/Accelerated-and-Advanced-Payments-Fact-Sheet.pdf

Employee Retention Credit under the CARES Act

Overview: The Employee Retention Credit is a fully refundable tax credit for employers equal to 50 percent of qualified wages (including allocable qualified health plan expenses) that Eligible Employers pay their employees. This Employee Retention Credit applies to qualified wages paid after March 12, 2020, and before January 1, 2021. The maximum amount of qualified wages taken into account with respect to each employee for all calendar quarters is \$10,000, so that the maximum credit for an Eligible Employer for qualified wages paid to any employee is \$5,000.

Eligibility: Eligible Employers for the purposes of the Employee Retention Credit are those that carry on a trade or business during calendar year 2020, including a tax-exempt organization, that either:

- Fully or partially suspends operation during any calendar quarter in 2020 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to COVID-19; or
- Experiences a significant decline in gross receipts during the calendar quarter.

Note: Governmental employers are not Eligible Employers for the Employee Retention Credit. Also, Self-employed individuals are not eligible for this credit for their self-employment services or earnings.

<https://www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act>

Tax Law Changes under the CARES Act

Payroll Tax Deferral:

Overview: The CARES Act postponed the due date for depositing the employer portion of payroll taxes and 50% of self-employment taxes attributable to wages paid from the date of enactment of the CARES Act to December 31, 2020. The deferred amounts are payable in two installments over the next two years, 50% on December 31, 2021 and 50% on December 31, 2022 (for self-employment taxes, this would be 25% each). During the period of deferral, the eligible employer will be treated as having made timely deposits of applicable taxes as long as payments are made when due, as noted above.

The deferral is NOT available to employers who receive debt forgiveness for a Paycheck Protection Program loan under the CARES Act.

Other Tax Changes: The CARES Act also has tax law changes.

- Net Operating Losses:
 - Provides that NOL's incurred in 2018, 2019, and 2020 may be carried back to offset taxable income earned during the five-year period prior to the year in which the NOL was incurred.
 - The CARES Act temporarily removes the taxable income limitation, allowing taxpayers utilize NOL's to offset 100% of taxable income in 2018, 2019, and 2020.
- Business Interest Deduction:
 - The Act increases the amount of interest expense businesses are allowed to deduct under Section 163(j) for 2019 and 2020, by allowing taxpayers to deduct 50% of an amount that approximates the taxpayer's EBITDA, as opposed to 30%.
 - Taxpayers may elect to substitute the 2019 EBITDA for purposes of applying the 50% limitation in 2020.