



## SUMMARY OF THE PAYCHECK PROTECTION PROGRAM AND HEALTH CARE ENHANCEMENT ACT OF 2020

*April 24, 2020*

On April 24, 2020, President Trump signed the Paycheck Protection Program and Health Care Enhancement Act of 2020 into law. This \$480 billion stimulus package is primarily aimed toward funding the Paycheck Protection Program, which was created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Other parts of the new law boost funding for health care providers as well as state and federal COVID-19 testing programs. The small business funds are likely to be applied for and disbursed very quickly, and we urge you to be proactive and take advantage now. Please contact a member of our [COVID-19 Task Force](#) if you wish to have a more in-depth discussion regarding your options under one of these programs.

### SMALL BUSINESS ASSISTANCE

#### Paycheck Protection Program (PPP)

The CARES Act authorized the Small Business Administration (SBA) to make loans to small businesses under the PPP in the total amount of \$349 billion. The new law increased that amount by another \$310 billion, with \$60 billion set aside for small and midsize banks, credit unions, and community development finance institutions to make sure the funds make it to small businesses in smaller and rural localities. The rules remain the same for small businesses eligible for the loans, including health care practices and nonprofits with 500 employees or less. Sole-proprietors, independent contractors, and other self-employed individuals are also eligible.

The loans can be used for payroll support, costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, insurance premiums, mortgage payments, and any other debt obligations. Borrowers must make a good faith certification that they have been impacted by COVID-19 and will use the funds for the purposes outlined in the CARES Act.

Borrowers may be eligible for loan forgiveness equal to the amount spent by the borrower during an 8-week period after the origination date of the loan on payroll costs, mortgage interest, rent payments, and utility payments. 75% of the funds must be spent on payroll costs. The covered loan period runs from February 15, 2020, through June 30, 2020.

#### Economic Injury Disaster Loans (EIDL)

The CARES Act authorized \$10 billion for emergency EIDLs to businesses with less than 500 employees, including sole proprietors and independent contractors. The new law adds another \$50 billion for EIDL loans and \$10 billion for EIDL grants. The covered period for EIDL loans and grants is January 31 through December 31, 2020.

Under this program, applicants can request an up-to \$10,000 advance on the loan to be distributed by the SBA within three days. The applicant shall not be required to repay the advance payment even if the applicant is subsequently denied for an EIDL. Advance payments may be used for providing paid sick leave to employees unable to work due to the direct effect of COVID-19, maintaining payroll, meeting increased costs to obtain materials, making rent or mortgage payments, and repaying obligations that cannot be met due to revenue losses associated with COVID-19.

**We recommend speaking to a member of our [COVID-19 Task Force](#) and a qualified lender to determine whether you should apply for a PPP loan, EIDL, or both for different purposes.**

## HEALTH CARE SYSTEM

### Health Care Providers

The CARES Act authorized \$100 billion and the new law authorizes an additional \$75 billion for health care providers to reimburse for health care related expenses or lost revenues due to COVID-19. Such expenses include those related to building temporary structures, medical supplies and equipment, testing supplies, increased workforce and training, emergency operation centers, retrofitting facilities, and surge capacity. Recipients must be engaged in diagnosing, treating, and otherwise providing care to individuals with possible or actual cases of COVID-19. The U.S. Department of Health and Human Services (HHS) interprets this requirement broadly to view any patient as a possible case of COVID-19. HHS also states that the care does not have to be specific to treatment of COVID-19.

### COVID-19 Testing

The new law also provides \$25 billion for HHS to distribute to research, develop, validate, manufacture, purchase, administer, and expand capacity for COVID-19 tests. \$11 billion of these funds will go to states and localities to develop, purchase, and analyze COVID-19 tests. Funds will also be available for states and localities to scale up laboratory testing capacity, and support employer testing.

For questions, please contact a member of our [COVID-19 Task Force](#).

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