Table of Contents

Paycheck Protection Program Flexibility Act of 2020 (3rd bill)

Paycheck Protection Program and Health Care Enhancement Act (2nd bill)
  Background

Public Health and Social Services Emergency Fund (PHSSEF)
  Background
  First Wave: Distribution of $30 billion
  Eligibility
  Payment Distribution
  Payment Calculation
  Second Wave: Distribution of $20 billion
  Uninsured patients (Reimbursement for Treating)
  Third Wave: Distribution of $15 billion (for Medicaid providers)
  Reporting Requirements to Department of Health and Human Services

CARES Act - Paycheck Protection Program (1st bill)
  Eligible Entities
  Loan Forgiveness
  Loan Forgiveness Process
  Collateral/Guarantee
  Loan amount
  Interest Rate & Loan Term
  Loan Funds Use
  Loan Application

FAQs
**Paycheck Protection Program Flexibility Act of 2020**  
*(PPP Flexibility Act)*

On June 5, 2020, the President signed the PPP Flexibility Act. The Act makes changes to the Paycheck Protection Program that passed on March 27, 2020.

<table>
<thead>
<tr>
<th>Original PPP</th>
<th>PPP Flexibility Act</th>
</tr>
</thead>
</table>
| 8-week covered period | 24-weeks; or 12/31/2020 (whichever is first)  
The borrower may also elect to choose the 8-week period. |
| 75% of the loan must be used to cover payroll costs; and 25% of the loan may be used for non-payroll costs | 60% or more must be used to cover payroll costs; and 40% or less may be used for non-payroll costs.  
Any portion over 25% used for non-payroll costs, will not be forgiven and must be repaid. The portion of the loan used appropriately, will be forgiven. |
| Loan repayment – 2 years | Loan repayment – 5 years  
For loans originated before June 5th, the borrower and lender may agree to extend the maturity to 5 years. |
Paycheck Protection Program and Health Care Enhancement Act (PPPHCEA)

Background

The bill, passed by Congress on April 21 and 23, provides $484 billion in additional funding to replenish and supplement key programs under the CARES Act, including the Paycheck Protection Program (PPP), small business disaster loans and grants, hospitals and health care providers and testing. An additional $310 billion will be added to the Paycheck Protection Program, $75 billion to the Public Health and Social Services Emergency Fund, and other entities (i.e. lenders, COVID testing, diagnostic and antigen testing).
Public Health and Social Services Emergency Fund (PHSSEF)  
$100 Billion Available

Background

The CARES Act established a $100 billion Public Health and Social Services Emergency Fund (PHSSEF). This funding will be used to support healthcare-related expenses or lost revenue attributable to COVID-19 and to ensure uninsured Americans can get testing and treatment for COVID-19.

$50 billion of the Provider Relief Fund is allocated for general distribution to Medicare facilities and providers impacted by COVID-19, based on eligible providers' 2018 net patient revenue. The initial $30 billion was distributed between April 10 and April 17, and the remaining $20 billion is being distributed beginning Friday, April 24. Of the remaining $50 billion, $10 billion will be allocated for a targeted distribution to hospitals in areas that have been particularly impacted by the COVID-19 outbreak based on information they provide on the number of ICU beds and admissions for patients with a COVID-19 diagnosis. An additional $10 billion is being allocated to rural hospitals and rural health clinics based on their operating expenses.

See number 5. below for the details on the distribution of the remaining $20 billion and number 6. for distribution of $15 million to Medicaid providers.

FAQs from HHS on the Provider Relief Fund

1. **First Wave: Distribution of $30 billion** – *CARES Act Provider Relief Fund*
   
   a. Payments were deposited beginning April 10th.
   
   b. If you have not received your stimulus payment in your Medicare direct deposit account, contact UnitedHealth Group’s Provider Relations at 866-569-3522 about eligibility, whether a payment has been issued, and where it was sent.
   
   c. If you do NOT treat Medicare patients, you should receive a payment in the next round of stimulus funds that are sent out.

2. **Who is eligible?**
   
   a. All facilities and providers that received Medicare fee-for-service (FFS) reimbursements in 2019 are eligible for this initial rapid distribution.
b. As a condition to receiving these funds, providers must agree not to seek collection of out-of-pocket payments from a COVID-19 patient that are greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network provider.

c. These are payments, not loans, to healthcare providers, and will not need to be repaid.

d. If you ceased operation as a result of the COVID-19 pandemic, you are still eligible for these funds so long as you provided diagnoses, testing, or care for individuals with possible or actual cases of COVID-19. Care does not have to be specific to treating COVID-19. HHS broadly views every patient as a possible case of COVID-19.

3. How will the payment be distributed?

a. Most Medicare providers have a direct deposit program and that funds will go directly in their accounts.

b. Payments to practices that are part of larger medical groups will be sent to the group's central billing office.

i. All relief payments are made to the billing organization according to its Taxpayer Identification Number (TIN).

c. HHS has partnered with UnitedHealth Group (UHG) to provide rapid payment to providers eligible for the distribution of the initial $30 billion in funds.

i. Providers will be paid via Automated Clearing House account information on file with UHG or the Centers for Medicare & Medicaid Services (CMS).

ii. The automatic payments will come to providers via OptumBank with "HHSPAYMENT" as the payment description. TMA Note: One physician conveyed to TMA that “HHSSTIMULUS” was the payment description on his deposit.

d. Providers who normally receive a paper check for reimbursement from CMS, will receive a paper check in the mail for this payment as well, within the next few weeks.

e. Within 45 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 CARES Act Provider Relief Fund Payment Attestation Portal is now open.

f. HHS' payment of this initial tranche of funds is conditioned on the healthcare provider's acceptance of the Terms and Conditions - PDF, which acceptance must occur within 45 days of receipt of payment. If a provider receives payment and does not wish to comply with these Terms and Conditions, the payment may be rejected within 45 days after
receiving payment through the CARES Act Provider Relief Fund Payment Attestation Portal.

g. Healthcare providers (e.g., obstetricians-gynecologists, pediatricians, and nursing homes) that do not receive significant funds from Medicare will be prioritized in the second wave of funding.

4. Payment Calculation

a. Total Medicare FFS reimbursements in 2019 were approximately $484 billion.

b. Estimate payment by dividing the 2019 Medicare FFS (not including Medicare Advantage) payments received by $484,000,000,000 and multiply that ratio by $30,000,000,000

5. Second Wave: Distribution of $20 billion

a. Beginning April 24th, providers will automatically be sent an advance payment based off the revenue data they submit in CMS cost reports.

i. Providers that do not submit CMS cost reports or do not have adequate cost report data on file, will need to submit their revenue information to a portal.

ii. This portal will be opening this week on the website for the CARES Act Provider Relief Fund.

b. Payments will go out weekly, on a rolling basis, as information is validated, with the first wave being delivered at the end of this week (April 24, 2020).

c. Providers who receive their money automatically will still need to submit their revenue information so that it can be verified.

d. Uninsured patients:

i. Every health care provider who has provided treatment for uninsured COVID-19 patients on or after February 4, 2020, can request claims reimbursement through the program and will be reimbursed at Medicare rates, subject to available funding.

ii. Providers will have to enroll as a provider participant, check patient eligibility and benefits, submit patient information, submit claims, and receive payment via direct deposit.

iii. Providers may register for the program on April 27, 2020 and begin submitting claims on May 6, 2020. The earliest that payments will be received is May 18.
e. Health Resources & Services Administration has detailed information on how to file claims on its website (i.e. what is covered, timeline, reimbursement amount). Click here to view the information.

6. **Third Wave: Distribution of $ 15 billion**

a. HHS will distribute $15 billion to providers that participate in Medicaid and CHIP and have not received a payment from the “General Allocation” that was targeted to Medicare providers.

b. HHS released Payment Forms and Guidance that physicians should review carefully before logging onto the portal. These forms are located in the section titled Medicaid/CHIP Provider Relief Fund Payment Forms and Guidance.

c. HHS launched an Enhanced Provider Relief Fund Payment Portal on June 10 to allow “eligible Medicaid and CHIP providers to report their annual patient revenue, which will be used as a factor in determining their Provider Relief Fund payment.” HHS indicates each provider will receive “at least 2 percent of reported gross revenue from patient care.”

d. The required attestation form has been posted on the website and is available. It is titled Medicaid & CHIP Provider Relief Fund Payment Terms and Conditions – PDF and is near the bottom of the page. This must be completed once a physician receives a distribution.


f. Once an application has been submitted, its status may be checked by contacting the Provider Support Line at 866-569-3522. You need to have the following information ready:
   i. Last four digits of the recipient’s/applicant’s tax identification number;
   ii. Name of the recipient/applicant as it appears on the most recent tax filing;
   iii. Mailing address for the recipient/applicant as it appears on the most recent tax filing; and
   iv. The application number (begins with “DS” or “CR”).

g. Fields 27-29 of the application requires reporting of the number of FTEs as of 5/31/2020. Providers may include staff that were furloughed as a result of the coronavirus in the number.
7. Reporting Requirements for Recipients of Provider Relief Funds – Notice Issued 7/20/2020

a. Any provider receiving a payment in excess of $10,000 will have to submit reports to HHS.

b. Detailed instructions on reporting will be released by August 17, 2020.

c. The reporting system will be available beginning October 1, 2020. Recipients must file reports by February 15, 2021 on expenditures made through December 31, 2020.

i. Any recipient who has used all of the provider relief funds he/she received may submit a single report.

d. Any recipient who has not used all of the provider relief funds he/she received by December 31, 2020 will have to submit a second and final report by July 31, 2021.

e. Health Resources & Services Administration (HRSA) will offer Q&A sessions via webinars prior to the submission deadline. Once announced, a link to these sessions will be posted in this fact sheet.
Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”)  
Paycheck Protection Program (PPP)

1. **Eligible Entities**

   a. Businesses with fewer than 500 employees, as well as for certain non-profit organizations that were in operation on February 15, 2020.¹

   b. Had employees it paid salaries to and paid payroll taxes or paid independent contractors (Form 1099-Misc)

2. **Loan Forgiveness**

   a. Loans used by borrowers for payroll expenses (paid leave & certain other employee benefits), mortgage and rent expenses and utility expenses during the eight-week period following the closing of a loan under the Program will qualify for debt forgiveness.

   b. Loans to those that reduced workforce after 2/15/2020 due to the Coronavirus may qualify by rehiring those employees by 6/30/2020.

   c. Debt Forgiven under the loan is not considered income for federal income taxes.

   d. Not more than 25% of the forgiven amount may be for non-payroll costs.² 

   e. FAQs for PPP from the Small Business Administration and Department of Treasury.

3. **Loan Forgiveness Process**

   a. To apply for forgiveness of your PPP loan, the Borrower must [complete the application](#) as directed and submit it to the Lender that is servicing the loan.³

      i. The application instructions detail information the borrower must maintain, but does not have to submit with the application (page 10).

      ii. This documentation must be maintained for six years after the date the loan is forgiven or repaid in full (page 10).

   b. You must certify that the documents are true and that you used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments.

---

² Paycheck Protection Program (PPP) Information Sheet: Borrowers, U.S. Department of Treasury, page 2  
³ Small Business Administration, PPP Loan Forgiveness Application
c. The lender must make a decision on the forgiveness within 60 days.\(^4\)

d. On August 11, 2020, the Small Business Administration (SBA) published an *interim final rule* detailing the process for a borrower to appeal loan review decisions to the SBA Office of Hearings and Appeals.

i. This includes the ability to appeal a decision by a lender on the amount of forgiveness.

ii. The appeal must be filed within 30 calendar days after the receipt of the final SBA loan review decision or notification by the lender of the final SBA loan review decision (whichever is earlier).

e. SBA opened the forgiveness portal on August 10, but many lenders are not yet accepting forgiveness applications from borrowers. Many lenders anticipate additional guidance from SBA on loan forgiveness. Contact your lender to learn when it will begin accepting forgiveness applications.

4. **Collateral/Guarantee**: Not required to be provided by the borrower under this program.

5. **Loan amount** is calculated by multiplying the average monthly payroll costs \(\times 2.5\).

a. Check with your current bank to see if it is an approved SBA Section 7(a) lender. TMA Medical Banking is a Section 7 (a) lender. Contact TMA Medical Banking at info@tmamedicalbanking.com to obtain their assistance with a loan.

b. Sample loan calculations are included in the *SBA Interim Final Rule* on page 8.

c. The checklist of items to gather that *may* be needed for the loan application:

i. Average total monthly payments for payroll costs\(^5\) for the one year period prior to the loan;

---

4 *Paycheck Protection Program (PPP) Information Sheet: Borrowers, U.S. Department of Treasury*, page 3

5 The legislation defines payroll costs as payments of compensation to employees that is a salary, wage, commission, or tips capped at $100,000 on an annualized basis for each employee, payment for vacation, parental/family/medical/sick leave, payment for group health care benefits including insurance premiums, payment of retirement benefits, and payment of state/local tax assessed on employee compensation. From the Department of Treasury’s Guidance: For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self-employment, capped at $100,000 on an annualized basis for each employee. Items NOT included as payroll costs: 1. Compensation of an employee in excess of $100,000 annually; 2. Taxes imposed or withheld under chapters 21, 22, or 24 of the Internal Revenue Code of 1986 (21 Expenses for Household and Dependent Care Services, 22 Credit for the Elderly and Permanently and Totally Disabled, 24 Child
1. Per the SBA, you may NOT include payments to independent contractors.\(^6\)
2. Suggested documents: payroll processor records, payroll tax filings, or Form 1099-MISC, or income and expenses from a sole proprietorship. If you do not have this documentation, you must provide bank records sufficient to demonstrate the qualifying payroll amount.\(^7\)
   ii. The loan may require financial statements (current year and prior years);
   iii. The loan may require tax returns for the three previous years; and
   iv. The federal government may require proof for accounts owed and due. (For example, utility bills, a statement from your mortgage company, monthly bill from lender, etc.).

d. It might be useful to track these items or be able to access them for the forgiveness portion of the loan:
   i. Mortgage interest or monthly rent for January 1, 2020 through June 30, 2020
   ii. Utilities paid from January 1 to June 30;
   iii. Interest on any other outstanding active debt related to the business from January 1 June 30 (i.e. medical equipment, etc.);

6. **Interest rate**
   a. The interest rate is 0.5% for the portions that do not qualify for debt forgiveness.

7. **Loan term:**
   a. Two years. There is no penalty for paying the loan off before the end of the two-year term.
   
   b. Payment on the loan is deferred for six months from the date the loan originates and interest accrues over this time. \(^8\)

8. **Loan Funds Use:** The funds from a loan must be used for:
   
   a. Payroll costs\(^9\);
b. Payments of interest on a mortgage obligations incurred before 2/15/2020\(^{10}\) (may not prepay or pay on the principal of a mortgage);

c. Rent, under lease agreements in force before 2/15/2020;

d. Utilities, for which service began before February 15, 2020; and

e. Interest on any other debt obligations that were incurred before the covered period of 2/15/2020 to 6/30/2020.

f. In order for the total loan to be forgiven, 75% must be used for payroll expenses and only 25% for rent and utilities. You may use more than 25% for rent and utilities, any portion over 25% will not be forgiven and will have to be repaid.

9. Loan Application

a. The borrower needs to complete the Paycheck Protection Program loan application.\(^ {11}\)

b. You may only apply for a loan from PPP one time only.\(^ {12}\)

HHS CARES Act Provider Relief Fund FAQs

FAQs for the following topics have been posted on the CARES Act website.

Provider Relief Fund General Information

Medicaid Distribution

General Distribution
Money received by a practice must be included in gross income for tax purposes (see Q1 on the IRS’ FAQs on Provider Relief Payments).
Money received by a tax-exempt health care provider is generally tax-exempt (see the IRS’ FAQs on Provider Relief Payments).

Targeted Distribution

\(^{10}\) Paycheck Protection Program (PPP) Information Sheet: Borrowers, U.S. Department of Treasury, page 2
\(^{11}\) Paycheck Protection Program (PPP) Information Sheet: Borrowers, U.S. Department of Treasury, page 1
\(^{12}\) Paycheck Protection Program (PPP) Information Sheet: Borrowers, U.S. Department of Treasury, page 1