

FINANCIAL RELIEF FOR PROVIDERS DURING THE COVID-19 PANDEMIC

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The novel coronavirus (COVID-19) pandemic continues to have a profound financial impact on health care providers. Many are incurring significant expenses on the front lines of pandemic response at the same time that revenue is sharply declining with the postponement and cancellation of non-essential procedures and visits. The adverse financial impacts are nearly universal amongst providers, although the extent and nature of financial impact varies by provider type, size, and geography.

There are, however, several financial resources available to health care providers during the COVID-19 public health emergency. Hooper, Lundy and Bookman (“HLB”) believes that the financial challenges presented by this crisis call for a multi-faceted response that draws upon all available avenues. Our COVID-19 Task Force has assembled a team of attorneys to comprehensively address providers’ financial distress by applying traditional approaches to relief from financial obligations, availing organizations of new revenue sources and loans, and pursuing insurance coverage for business interruption.

In order to support our clients in understanding various options for addressing financial challenges presented by the COVID-19 public health emergency, we have assembled a quick reference guide that offers specific detail about financial relief options that may be available to providers during this time.

BUSINESS INTERRUPTION INSURANCE AND LOSS RECOVERY

Andrew H. Struve

As is often the case when confronting a financial loss, health care providers should examine existing insurance coverage and consider whether to make a loss claim under those policies. In the context of the current COVID-19 pandemic, a substantial portion of providers’ financial losses derive from interruptions in elective or non-emergent care. As a result, some COVID-19 losses may be recoverable under business interruption insurance, either because the policy specifically covers losses due to communicable disease or because, by way of example, it covers losses due to civil orders, potentially including stay-at-home orders.

A provider may have insurance coverage that directly covers losses due to communicable diseases. In most cases, however, coverage will not specifically include such losses. The absence of specific coverage for communicable disease, however, does not end the analysis. Business interruption coverage is often included as an endorsement to standard property coverage policies. Although many standard policy forms explicitly limit business interruption coverage to a “covered loss,” as therein defined, and many even attempt to exclude coverage for losses arising from disease, coverage may nonetheless be available for certain COVID-19 associated losses. Many nuances of insurance law will apply here, including with respect to “direct” versus “indirect” cause. For just one example, most policies explicitly provide coverage for cessation or diminishment of business operations due to a civil or military order. During the COVID-19 public health emergency, a statewide “stay-at-home” order or a public health order limiting elective procedures might well provide a basis for coverage.

A health care provider must submit a claim in order to be in a position to recover. The claim must be submitted timely, with deadlines typically included in the insurance policies. The preparation of a claim for business interruption loss should be done carefully so that all appropriate amounts that can be supported are included.

HLB's COVID-19 task force includes attorneys that are experienced with policyholder rights law and insurance litigation, and we are working with clients on assessing and pursuing coverage claims during this pandemic.

RENEGOTIATING FINANCIAL OBLIGATIONS

Gary F. Torrell

Health care providers are under siege with COVID-19, trying to care for patients but also pay employees and stay in business. Many providers are tenants, have large or small business loans from commercial banks or private lenders, bond debt which includes covenants they may not be able to satisfy, or substantial accounts payable with vendors and may need new loans or payment relief. Financial restructuring lawyers and other professionals can help to renegotiate and restructure leases, loans, supply contracts, and other financial obligations while also providing insolvency analysis and support. In our experience, it is important to act promptly in order to address obligations before additional payments are made.

Bankruptcy laws afford companies the power to change how debts are paid. In appropriate situations, providers may use the possibility of bankruptcy to obtain new financing, restructure debts, reorganize their companies, and use the possibility of filing bankruptcy as a negotiating tool.

With changes effective February 19, 2020, small businesses can make better use of the bankruptcy laws. Congress changed the bankruptcy laws to provide for a "streamlined" bankruptcy process for smaller companies to remain in business but reorganize and restructure their debts. The new process is designed to be faster and less expensive. Eligibility was first limited to companies with total debt of slightly more than \$2.7 million, but in late March, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) more than tripled the debt eligibility limit to \$7.5 million. This higher eligibility amount will last only one year, unless extended. In the interim, this eligibility expansion provides a broader swath of providers with expanded options to restructure their financial obligations during a time of acute financial strain.

SUPPLEMENTAL PAYMENTS AND REIMBURSEMENTS

Katrina A. Pagonis & Alicia Macklin

To date, Congress has passed three COVID-19 bills containing emergency appropriations and relief for various business and individuals adversely impacted by the COVID-19 pandemic. The third bill, the CARES Act, includes the most significant relief package for providers to date: \$100 billion for providers' lost revenue and expenses attributable to COVID-19. The CARES Act also provides temporary relief from Medicare sequester (effectively increasing providers' Medicare payments by approximately 2%) and increased Medicare payments for COVID-19 cases, via a 20% increase to the applicable DRG weight for Medicare beneficiaries diagnosed with COVID-19. Although these Medicare payment adjustments directly apply only to fee-for-service Medicare payments and out-of-network Medicare Advantage payments, many Medicare Advantage agreements base payment on a percentage of fee-for-service

Medicare rates such that contracted providers may also be entitled to additional Medicare Advantage payments for COVID-19 patients.

In addition, under the President's March 13, 2020 emergency declaration and subsequent major disaster declarations, select entities (including public hospitals and certain private non-profit hospitals) may be eligible to apply for Public Assistance (PA) through the Federal Emergency Management Administration (FEMA). Although private, for-profit hospitals are not eligible for FEMA PA, they may be able in some situations to contract with an eligible entity to carry out eligible emergency protective measures.

Lastly, additional provider relief and funding may be made available through future legislation, including a potential fourth stimulus package. HLB's COVID-19 Task Force members are monitoring the implementations of supplemental payments and reimbursements as well as tracking additional appropriation proposals that may be included in pending legislation.

LOAN PROGRAMS & ACCELERATED PAYMENTS

Stephanie A. Gross, Amy M. Joseph, Katrina A. Pagonis, & Gary F. Torrell

In addition to the various payment streams described, the CARES Act provides for various types of loans for all types of employers, as well as a significant expansion to the advanced and accelerated Medicare payments program. Some of the programs described below apply to Medicare-participating health care providers only, others to small businesses only, and still others to all employers. The availability of relief under a particular program may depend on whether the applicant has already taken advantage of another; for example, loans provided under the paycheck protection program (PPP) and economic injury disaster loan (EIDL) program cannot be used for the same purposes, and an employer that has obtained a PPP loan cannot take advantage of the deferred due date for payroll taxes once the PPP loan has been forgiven. HLB's COVID-19 Task Force members are working closely with clients to identify the most pragmatic approach to taking advantage of these programs.

GUIDE TO FINANCIAL RELIEF PROGRAMS

The attached guide summarizes key features of the various supplemental payment, reimbursement, loan, and accelerated payment program that may be available to health care providers in connection with the COVID-19 pandemic. In addition, for each program, the guide contains links to official forms and resources, as well as our webinars or articles on those financial relief programs.

For further information, please contact Nina Adatia Marsden, Lloyd Bookman, or Gary F. Torrell in Los Angeles, Katrina Pagonis or Stephanie Gross in San Francisco, Amy Joseph in Boston, or Martin Corry in Washington, D.C., or your regular Hooper, Lundy & Bookman contact.

HEALTH CARE PROVIDERS' GUIDE TO KEY COVID-19 FINANCIAL RELIEF PROGRAMS

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CARES Act Provider Relief Fund: \$50 Billion General Allocation

The CARES Act appropriated \$100 billion to HHS's Public Health and Social Services Emergency Fund (PHSSEF) for payments to providers "to prevent, prepare for, and respond to" COVID-19. On Friday, April 10, 2020, HHS began distributing the first \$30 billion of these appropriated funds to Medicare-participating providers based on federal fiscal year 2019 Medicare payments. On April 22, 2020, HHS announced an additional \$20 billion that will supplement the initial \$30 billion to form a \$50 billion allocation based on 2018 net patient revenue.

- **Forms and Resources:** [Fact Sheet](#), [Terms and Conditions](#), [Attestation Portal](#), [FAQ](#), [User Guide](#)
- **HLB Insights:** [HHS Distributes \\$30 Billion in CARES Act Relief Payments to Providers \(4/11/20\)](#); [HHS Announces Allocations from Provider Relief Fund \(4/22/20\)](#)

- **Agency:** HHS
- **Eligible Providers:** Providers that billed Medicare in 2019; provide diagnoses, testing, or care for individuals with possible or actual cases of COVID-19; are not currently terminated from participation in Medicare; are not currently excluded from participation in any Federal health care program; do not currently have Medicare billing privileges revoked; and agree to HHS Terms and Conditions.
- **Amount of Payment:** Each provider's total (combined) share of the \$50 billion distribution is based on providers' 2018 revenue. This amount is expected to be the product of \$50 billion and the provider's revenue, divided by \$2.5 trillion (*i.e.*, 2% of 2018 net patient revenue). The initial distribution (\$30 billion) was based on each provider's relative share of Medicare fee-for-service payments in Federal Fiscal Year 2019 (*i.e.*, \$30 billion multiplied by the provider's FFY 2019 Medicare fee-for-service payments, divided by \$484 billion). The additional distribution (\$20 billion) should be the difference between a provider's share of the combined, \$50 billion allocation and the amount the provider received in the initial \$30 billion allocation.
- **Key Dates:** Providers must sign an attestation confirming receipt of the funds and agreeing to the terms and conditions of payment within 30 days of receiving payment.
- **How to Apply:** The initial funds (\$30 billion) were automatically distributed based on Medicare payment data. The second payment will be automatically distributed to providers that have submitted cost reports showing net patient revenue for 2018, but providers will be required to submit revenue information to the provider portal for later verification. Providers that do not submit cost reports will need to submit revenue information to the provider portal to receive a second payment. Providers must attest to receipt of the funds and agree to terms and conditions within 30 days of receipt. A provider that does not agree to the terms and conditions must contact HHS within 30 days and remit payment to HHS as instructed. A provider that does not remit payment timely will be presumed to have accepted the terms and conditions.

CARES Act Provider Relief Fund: \$10 Billion Allocation for COVID-19 High Impact Areas

Of the \$100 billion appropriated to the PHSSEF for providers' COVID-19 lost revenue and expenses, \$10 billion is currently being allocated by HHS for a targeted distribution to hospitals in areas that have been particularly impacted by the COVID-19 pandemic.

- **Forms and Resources:** [Fact Sheet](#)
- **HLB Insights:** [HHS Announces Allocations from Provider Relief Fund \(4/22/20\)](#)

- **Agency:** HHS
- **Eligible Providers:** Hospitals with COVID-19 admissions between January 1 and April 10. Additional details TBD.
- **Amount of Payment:** \$10 billion allocated; distribution methodology TBD.
- **Key Dates:** April 25, 2020, 3:00 pm ET / 12:00 pm PT.
- **How to Apply:** Hospitals must submit their TIN, NPI, number of ICU beds as of April 10, and number of COVID-19 admissions from January 1 to April 10 by April 25, 2020.

CARES Act Provider Relief Fund: \$10 Billion Allocation for Rural Providers

Of the \$100 billion appropriated to the PHSSEF for providers' COVID-19 lost revenue and expenses, \$10 billion is currently being allocated by HHS for a targeted distribution to rural health clinics and hospitals.

- **Forms and Resources:** [Fact Sheet](#)
- **HLB Insights:** [HHS Announces Allocations from Provider Relief Fund \(4/22/20\)](#)

- **Agency:** HHS
- **Eligible Providers:** Rural health clinics and rural hospitals.
- **Amount of Payment:** \$10 billion allocated, proportional distribution on the basis of operating expenses.
- **Key Dates:** TBD. Distribution as early as the week of April 27, 2020
- **How to Apply:** TBD (may be automatic).

CARES Act Provider Relief Fund: \$400,000 for Indian Health Service Facilities

Of the \$100 billion appropriated to the PHSSEF for providers' COVID-19 lost revenue and expenses, \$400,000 is currently being allocated by HHS for a targeted distribution to Indian Health Service facilities.

- **Forms and Resources:** [Fact Sheet](#)
- **HLB Insights:** [HHS Announces Allocations from Provider Relief Fund \(4/22/20\)](#)

- **Agency:** HHS
- **Eligible Providers:** Indian Health Service facilities.
- **Amount of Payment:** \$400,000 allocated, proportional distribution on the basis of operating expenses.
- **Key Dates:** TBD. Distribution as early as the week of April 27, 2020
- **How to Apply:** TBD (may be automatic).

CARES Act Provider Relief Fund: Treatment of the Uninsured

A portion of the \$100 billion appropriated to the PHSSEF for providers' COVID-19 lost revenue and expenses will be used to provide claims reimbursement for health care providers generally at Medicare rates for testing uninsured individuals for COVID-19 and treating uninsured individuals with a COVID-19 diagnosis.

- **Forms and Resources:** [Fact Sheet](#), [HRSA Information Page](#); [Terms and Conditions \(Testing\)](#); [Terms and Conditions \(Treatment\)](#)
- **HLB Insights:** [HHS Announces Allocations from Provider Relief Fund \(4/22/20\)](#)

- **Agency:** HHS, through HRSA
- **Eligible Providers:** Providers enrolled through HRSA, including an attestation and additional terms and conditions.
- **Eligible Services:** Qualifying testing of uninsured patient for COVID-19 testing and treatment services for uninsured patient with a primary COVID-19 diagnosis after February 4, 2020.
- **Uninsured Patients.** Patient must be in the U.S. and without health care coverage (no other payer will reimburse for testing and/or care).
- **Amount of Payment:** Payment based on Medicare rates applicable on the date of service.
- **Key Dates:** Available for services furnished on or after February 4, 2020. Sign ups begin April 27, with training April 29, 2020. May 6, 2020: claims can be submitted electronically. Mid-May 2020: payments begin.
- **How to Apply:** Sign up through HRSA. Attest (1) verification of uninsured status, (2) accept program reimbursement as payment in full, (3) agree not to balance bill patient, (4) may be subject to post-reimbursement audit review, and (5) agree to program terms and conditions. Submit individual claims for reimbursement through HRSA. Additional details TBD.

CARES Act Provider Relief Fund: Additional Allocations

Of the \$100 billion appropriated in the CARES Act to the PHSSEF for providers' COVID-19 lost revenue and expenses and the \$75 billion appropriated for the same purpose in the Paycheck Protection Program and Health Care Enhancement Act, a little over \$70 billion has been allocated for general and targeted provider payments and additional funds will be used for the uninsured reimbursement program, as described above. At this time, HHS has not finalized any information on the allocation of these remaining dollars, but has indicated that skilled nursing facilities (SNFs), dentists, and providers that solely take Medicaid will receive further separate funding.

- **Forms and Resources:** Anticipated priorities discussed in HHS [Fact Sheet](#); [CARES Act § 3709](#)
- **HLB Insights:** [HHS Distributes \\$30 Billion in CARES Act Relief Payments to Providers \(4/11/20\)](#)

- **Agency:** HHS
- **Eligible Providers:** TBD. HHS has indicated that one priority will be skilled nursing facilities (SNFs), dentists, and providers that solely take Medicaid.
- **Amount of Payment:** TBD.
- **Key Dates:** TBD.
- **How to Apply:** TBD.

Medicare Sequester Relief

The CARES Act suspends the Medicare sequester from May 1, 2020 through December 31, 2020. Since 2013, Medicare sequester has decreased all Medicare payments (exclusive of beneficiary copayments and deductibles) by 2 percent, so this suspension will restore approximately 2 percent in fee-for-service Medicare payments.

- **Forms and Resources:** [MLN Connects \(4/10/20\)](#); [CARES Act § 3709](#)
- **HLB Insights:** [Newly-Passed Coronavirus Relief Bill Includes Assistance for Many, Including Health Care Providers \(3/27/20\)](#); [CARES Act Webinar \(4/2/20\)](#)

- **Agency:** OMB
- **Eligible Providers:** Medicare-participating providers receiving fee-for-service payments and out-of-network Medicare Advantage payments. (Impact on contracted Medicare Advantage payments may vary based on the applicable contract with the Medicare Advantage organization.)
- **Amount of Payment:** Increases Medicare payment amounts by 2 percent.
- **Key Dates:** Applies to payments made from May 1, 2020 through December 31, 2020.
- **How to Apply:** N/A (applies to all fee-for-service Medicare claims).
- **Medicare Advantage Impact:** Applicability to contracted Medicare Advantage business will depend on a provider's contract terms.

Medicare COVID-19 Add-On Payment

The CARES Act requires that the Medicare payment for inpatient discharges of COVID-19 patients be increased through a 20 percent increase to the weight of the applicable Medical Severity Diagnosis Related Group (MS-DRG). The actual amount of the add-on payment will vary among providers based on other components of the inpatient prospective payment system (IPPS) calculation.

- **Forms and Resources:** [CARES Act § 3710](#)
- **HLB Insights:** [Newly-Passed Coronavirus Relief Bill Includes Assistance for Many, Including Health Care Providers \(3/27/20\)](#)

- **Agency:** CMS
- **Eligible Providers:** Medicare-participating IPPS hospitals.
- **Amount of Payment:** 20 percent increase to DRG-adjusted base payment for COVID-19 discharges.
- **Key Dates:** Discharges during the emergency period (retroactive to January 27, 2020).
- **How to Apply:** N/A (applies to all fee-for-service Medicare claims for inpatient admissions diagnosed with COVID-19).
- **Medicare Advantage Impact:** Applicability to contracted Medicare Advantage business will depend on a provider's contract terms.

FEMA Public Assistance (PA)

Eligible emergency protective measures taken to respond to the COVID-19 emergency at the direction or guidance of public health officials may be reimbursed under FEMA's PA program, in accordance with section 502 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207 (the "Stafford Act").

- **Forms and Resources:** [FEMA's Public Assistance Program and Policy Guide \(4/2018\)](#); FEMA has also released a number of fact sheets detailing the eligible emergency medical care activities, applicable procurement standards, and well as the simplified application for PA:
 - [Emergency Medical Care \(3/31/20\)](#)
 - [Public Assistance Simplified Application \(3/23/20\)](#)
 - [Procurement Under Grants: Under Exigent or Emergency Circumstances \(3/20/20\)](#)
 - [Eligible Emergency Protective Measures \(3/19/20\)](#)
 - [Public Assistance: Non-Congregate Sheltering Delegation of Authority \(3/19/20\)](#)

- **Agency:** U.S. Department of Homeland Security (In California, Cal OES is the grantee and has [resources](#) to assist potential applicants)
- **Eligible Providers:**
 - State, Territorial, Tribal, local government entities
 - Certain private non-profit (PNP) organizations
 - For-profit entities are not eligible for direct PA from FEMA, but, under certain circumstances, such entities may contract with an eligible entity to carry out eligible emergency protective measures.
- **Amount of Payment:** FEMA PA is reimbursement based and assistance for eligible emergency protective measures is provided at 75 percent federal cost share. Note, FEMA will not duplicate funding provided by other federal agencies.
- **Key Dates:** Requests for Public Assistance (RPA) are due no later than 30 days after the end of the declaration of the Public Health Emergency (unless FEMA provides 30-day advance notification that an earlier deadline is established or the deadline is further extended)
- **How to Apply:** FEMA Grants Portal (PNPs must contact the state emergency department to request access to the portal. In California, PNPs should contact Cal OES via DisasterRecovery@caloes.ca.gov and consult the Cal OES [Application Fact Sheet](#).)

Accelerated and Advanced Medicare Payments Program

Following passage of the CARES Act, CMS expanded the Accelerated and Advance Payment Program to all types of Medicare providers and suppliers. In the first week of the program, CMS advanced approximately \$51 billion in fee-for-service Medicare payments to providers. These amounts will ultimately be repaid, first using new claims to pay down the balance and then through a final payment of the residual balance.

UPDATE: On April 26, 2020, CMS announced that the program is **suspended** for Part B suppliers and that it will be **reevaluating** all pending and new applications from Part A providers in light of the availability of CARES Act Provider Relief Funds. Under the CARES Act, payments must be available to hospitals (including pediatric, cancer, and critical access hospitals) at 100% Medicare (or 125% for CAHs) for up to a 6-month period, with no offsetting of claims until at least 120 days, and at least 12 months before recoupment).

- **Forms and Resources:** [Fact Sheet and Instructions](#); Applications are available from MACs ([CGS](#), [First Coast](#), [Noridian](#), [Novitas](#), [Palmetto](#), [WPS](#))
- **HLB Insights:** [Newly-Passed Coronavirus Relief Bill Includes Assistance for Many, Including Health Care Providers \(3/27/20\)](#)

- **Agency:** CMS
- **Eligible Providers:** Medicare-participating providers and suppliers that (1) have billed Medicare for claims within 180 days immediately prior to the date of signature on the application form; (2) are not in bankruptcy; (3) are not under active medical review or program integrity investigation; and (4) do not have any outstanding delinquent Medicare overpayments. *Note, program suspended for Part B suppliers on April 26, 2020; CMS is reevaluating pending and new applications from Part A Providers.*
- **Amount of Advance:** Prior to April 26, 2020: 6 months of Medicare payments (for inpatient acute care hospitals, children's hospitals, and certain cancer hospitals), 3 months of Medicare payments (other providers and suppliers). Critical Access Hospitals (CAHs) are eligible for up to 125% of 6 months of Medicare payments. *Note: CMS is reevaluating for Part A providers; suspended for Part B suppliers.*
- **Repayment:** Repayment begins 120 days after the advance payment using new Medicare claims to pay down the balance. Final payment of the balance is due after one year (inpatient acute care hospitals, children's hospitals, certain cancer hospitals, and CAHs) or 210 days (all other providers and suppliers).
- **Interest:** 10.25% beginning after date final payment is due
- **Key Dates:** Available from March 28, 2020 through April 26, 2020 for Part B suppliers or through the duration of the public health emergency for Part A.
- **How to Apply:** Apply using MAC-specific accelerated and advance payments program application and following CMS's Fact Sheet instructions.

Paycheck Protection Program

The paycheck protection program ("PPP") was established under the CARES Act and expanded through additional legislation in April. Under the PPP, the SBA will guarantee up to \$659 billion in forgivable loans to small businesses to cover payroll costs and other expenses, if certain conditions are met.

- **Forms and Resources:** [SBA FAQ](#); [Affiliation rules](#); [Interim Final Rule](#)
- **HLB Insights:** [Newly-Passed Coronavirus Relief Bill Includes Assistance for Many, Including Health Care Providers \(3/27/20\)](#); [Congress Passes Emergency Funding Bill to Assist Providers and Small Businesses \(4/23/20\)](#)

- **Agency:** Small Business Administration (SBA)
- **Eligible Providers:** Non-profit and for-profit entities that are small business concerns, have 500 or fewer employees, or meet employee-based sized standards for their organizations, plus sole proprietors, independent contractors, certain self-employed individuals, and certain other organizations. The SBA's affiliation rules apply, so information regarding affiliates should be considered to determine eligibility. Affiliation could arise based on ownership (including negative control rights of minority shareholders); stock options, convertible securities, or agreements to merge; management; or identity of interest.
- **Amount of Loan:** Two-and-a-half months' payroll costs, subject to certain exclusions (must exclude employee compensation in excess of \$100,000 per year). Maximum \$10 million.
- **How the Funds Can Be Used:** Payroll, costs related to sick leave, rent or mortgage obligations, utilities, and interest on pre-existing debts. Applicants who have also obtained an EIDL loan (referenced below) used to cover payroll costs must use the PPP loan to refinance the EIDL loan. The \$10,000 advance on any EIDL loan will be deducted from the amount of the PPP loan that is forgiven.
- **Repayment:** Two years, unless the loan is forgiven. (Note that, once a PPP loan is forgiven, an employer can no longer take advantage of the payroll tax delay program, described below.)
- **Annual Interest Rate:** 1%
- **Key Dates:** The PPP is available through June 30, 2020, but on a first-come, first-served basis.
- **How to Apply:** Through an SBA lender.

Economic Injury Disaster Loan (EIDL) Program

The CARES Act builds on the existing Economic Injury Disaster Loan (EIDL) program, making the loans available to small business in all states and territories where a disaster or emergency has been declared in response to the COVID-19 pandemic. It also makes a forgivable \$10,000 advance available to all applicants, even if their loan is ultimately denied. The CARES Act included a \$10 billion appropriation for the EIDL, while the Paycheck Protection Program and Health Care Enhancement Act added another \$50 billion appropriation for EIDL loans along with another \$10 billion appropriation for the forgivable \$10,000 advances alone.

- **Forms and Resources:** [SBA's EIDL Application](#)
- **HLB Insights:** [EIDL: Another Loan Available to Health Care Providers Under The CARES Act](#); [Congress Passes Emergency Funding Bill to Assist Providers and Small Businesses \(4/23/20\)](#)

- **Agency:** SBA
- **Eligible Providers:** For-profit entities with up to 500 employees, sole proprietorships (even those without employees), individuals who operate as independent contractors, and private nonprofit organizations. Certain EIDL requirements are waived, including that the applicant was unsuccessful obtaining a loan elsewhere and that the applicant was in business for a full year prior to the disaster. The applicant must, however, have been in business on or before January 31, 2020.
- **Amount of Loan:** Up to \$2 million, including a forgivable \$10,000 advance.
- **How the Funds Can Be Used:** Sick leave, payroll, rent, or other obligations that cannot be met due to revenue losses, and to cover increased costs related to obtaining materials and supplies due to disruptions in the global supply chain. Applicants who have also obtained a PPP loan should document that the funds are not used for the same purpose as the EIDL.
- **Annual Interest Rate:** 2.75% for non-profits; 3.75% for others.
- **Key Date:** The deadline to apply is December 17, 2020
- **How to Apply:** SBA's EIDL Application

SBA Express Bridge Loans

SBA's Express Bridge Loan Pilot Program allows small businesses with an existing business relationship with an SBA Express Lender to access up to \$25,000. Originally announced on October 16, 2017, with expanded eligibility as of March 25, 2020, the program is designed to supplement SBA's disaster loan capabilities. It helps address temporary loss of revenue and can be used to bridge the gap while applying for the EIDL Program.

- **Forms and Resources:** [SBA's Information Page; Program Guide \(3/25/20\)](#)

- **Agency:** SBA
- **Eligible Providers:** Small businesses adversely impacted by the COVID-19 emergency with an existing relationship with an SBA Express Lender prior to March 13, 2020.
- **Amount of Loan:** up to \$25,000.
- **How the Funds Can Be Used:** Exclusively to support the survival and/or reopening of the small business.
- **Repayment:** Maximum seven year term; lender may require repayment in full or in part if borrower is approved for long-term disaster financing that allows loan proceeds to be used for EBL loan disbursement (including proceeds from an EIDL loan).
- **Annual Interest Rate:** Up to 6.5% over the Prime rate
- **Key Dates:** Loans can be approved through March 13, 2021; program expires March 13, 2021.
- **How to Apply:** Discuss with your existing lenders to determine if they are an SBA Express Lender.

SBA Debt Relief

As part of the CARES Act, the SBA Debt Relief Program was enacted to provide relief to businesses with certain existing 7(a), 504, and microloans, and is also available to small businesses that receive new 7(a), 504, or microloans prior to September 27, 2020.

- **Forms and Resources:** [SBA's Information Page](#); [Senate Committee on Small Business & Entrepreneurship: Business Owner's Guide to the CARES Act](#)

- **Agency:** SBA
- **Eligible Providers:** Borrowers with certain existing SBA loans issued prior to the CARES Act and borrowers with new loans issued prior to September 27, 2020. Does not apply to PPP, EIDL, or Emergency Economic Injury Grants. However, for existing SBA Serviced Disaster Loans in regular servicing as of March 1, automatic deferments are provided through December 31, 2020 (interest will accrue).
- **Amount of Debt Relief:** SBA covers loan payments, including principal, interest, and fees for six months.
- **Repayment:** N/A (Borrower is relieved of obligation to pay the amount in question)
- **Interest:** N/A
- **Key Dates:** N/A
- **How to Apply:** No application; program is automatic for eligible borrowers.

Main Street Lending Program

The Main Street Lending Program offers four-year loans (or an increase in size of existing loans) to companies employing up to 10,000 workers or with revenues of less than \$2.5 billion. The Federal Reserve is seeking comments on this program until [April 16, 2020](#), and consequently, the terms are subject to change.

- **Forms and Resources:**

Main Street New Loan Facility [Term Sheet](#) (4/9/20)

Main Street Expanded Loan Facility [Term Sheet](#) (4/9/20)

Updates regarding the program infrastructure and applications will be posted [here](#).

- **Agency:** Federal Reserve System
- **Eligible Providers:** Businesses with up to 10,000 employees or up to \$2.5 billion in 2019 revenues. Current guidance does not specify if non-profits are eligible, and this issue may be clarified in pending guidance or rulemaking.
- **Amount of Loan:** Minimum \$1 million; maximum loan may differ depending on business.
- **How the Funds Can Be Used:** Must make reasonable efforts to maintain payroll and retain employees during term of loan. Borrowers must also follow compensation, stock repurchase, and dividend restrictions that apply to direct loan programs under the CARES Act and meet other attestation requirements.
- **Repayment:** Four years, but principal and interest payments deferred for one year. No prepayment penalty.
- **Annual Interest Rate:** Adjustable rate of SOFR + 250-400 basis points. (Eligible lenders may also require borrowers to pay a potential facility fee)
- **Key Dates:** TBD
- **How to Apply:** Eligible lenders will originate and service the loans. Specific timing information and other details about the application processes have not yet been released.

Employer Payroll Tax Delay

The CARES Act allows employers to defer payment of social security taxes due this year. Half of the amount owed must be paid by December 31, 2021, and the remaining half must be paid by December 31, 2022.

- **Forms and Resources:** [IRS FAQ](#)

- **Agency:** Internal Revenue Service (IRS)
- **Eligible Providers:** All employers, but if an employer has received a PPP loan (discussed above), once the PPP loan has been forgiven, the employer may no longer defer payment of payroll taxes. In other words, the employer must begin paying payroll taxes once the PPP loan is forgiven. Any payroll taxes that would have been due *before* the PPP loan was forgiven can still be deferred on the same timeframes applicable to other employers.
- **Key Dates:** Half of the deferred taxes are due December 31, 2021, and the remaining half is due December 31, 2022.
- **How to Apply:** No application or approval is required.