

## FAQ: COVID-19 Economic Relief Programs Available for Healthcare Providers

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## HEALTHCARE SPECIFIC FINANCIAL RELIEF PROGRAMS

### Medicare Advanced/Accelerated Payment Program

#### 1) What is it?

- a. The Medicare Advanced/Accelerated Payment program is a pre-existing program which was been expanded through the passage of the CAREs Act. Normally utilized by providers who have the billing process interrupted by natural disasters, the program is now available to most providers who are enrolled in Medicare allowing them to request an advanced payment based on prior billings to Medicare. The concept is similar to a pay-day loan and the funds are required to be repaid.

#### 2) Who is eligible?

- a. To qualify for advance/accelerated payments the provider/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.

#### 3) How do I apply for the Advanced/Accelerated Payment program?

- a. The application and administration process for the Advanced/Accelerated Payments is handled through a provider's Medicare Administrative Contractor (MAC). Most MACs have updated their applications in response to COVID-19,
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but the process can vary slightly depending on the MAC. For example, some MACs may require an explanation of the request on official letterhead.

**4) How much can I borrow?**

- a. Qualified providers/suppliers will be asked to request a specific amount using an Accelerated or Advance Payment Request form provided on each MAC's website. Most providers and suppliers will be able to request up to 100% of the Medicare payment amount for a three-month period. Inpatient acute care hospitals, children's hospitals, and certain cancer hospitals are able to request up to 100% of the Medicare payment amount for a six-month period. Critical access hospitals (CAH) can request up to 125% of their payment amount for a six-month period. MACs will use the time period of October through December 2019 when determining the amount of the advance.

**5) What are the repayment terms?**

- a. Recipients will begin repaying the loan 120 days after the funds are disbursed. Most providers/suppliers will be required to repay the full amount within 210 days (7 months). Hospitals are required to repay the advancement within 12 months of being issued. If the balance is not repaid in full during the repayment period, MACs will issue a demand letter informing the recipients of the remaining balance. On the 31<sup>st</sup> day after the letter is sent, an interest rate of 10.25% will then be applied to the remaining balance. If providers fail to repay the advance, it will be considered an 'overpayment' for Medicare purposes.

**6) Can I participate in the Medicare Advanced/Accelerated Payment program and also benefit from other economic stimulus programs?**

- a. Yes – Medicare Advanced/Accelerated Payments can be combined with other COVID-19 economic relief programs including PPP loans, EIDL loans, Employee Retention Tax Credit and HHS Provider Relief Grants. However, when taking advantage of multiple programs be aware of what terms and conditions apply. While Medicare Advanced/Accelerated payments do not have conditions on how you use the funds, other programs do. For example - the HHS Provider Relief Fund, explicitly state that its funds will not be used to reimburse expenses or losses covered by another source of reimbursement. Be sure to evaluate the terms and conditions of each program.

**7) Where can I find more information?**

- a. [Medicare Advanced/Accelerated Payment Fact Sheet](#) – from CMS
  - b. [Summary of Medicare's Advanced/Accelerated Payment Program](#) – from the American Medical Association
  - c. [Analysis on Medicare's Advanced/Accelerated Payments](#) – from the National Law Review
  - d. [CLICK HERE](#) – for Advocate's summary of federal response efforts to COVID-19, including the Medicare Advanced/Accelerated Payment program
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## HHS Provider Relief Fund

### 1) What is it?

- a) As part of the CAREs Act, \$100 Billion dollars in funding was set aside to be distributed as grants through the Department of Health and Human Services (HHS). The first \$30 Billion was distributed to Medicare providers, starting April 10<sup>th</sup>, as direct deposit payments or physical checks.

### 2) Who is eligible?

- a) All Medicare providers, even those who have since ceased operations, who billed Medicare in 2019 and provided diagnoses, testing, or care for individuals with possible or actual cases of COVID-19 **after January 31<sup>st</sup>, 2020**. HHS updated their initial guidance and clarified that specified that **care does not need to be specific to treating COVID-19 because HHS is broadly viewing every patient as a possible COVID-19 case**. Providers who have not treated active COVID-19 patients are eligible to keep the funds they have likely already received. However, recipients must agree to the [terms and conditions of the payments](#). Providers who are excluded from participating from Medicare or currently have Medicare billing privileges revoked are not eligible. [CLICK HERE](#) for an analysis of the updated guidance on eligibility from McGuire Woods.

### 3) What are the terms and conditions? How do I accept them?

- a) Recipients must agree to comply to the terms and conditions if electing to keep the payment. For those that do not accept, payments must be returned within 30 days of receipt. Those that wish to reject the funds must go through the attestation portal to notify HHS. The portal is available here: [CLICK HERE](#) If recipients do not return the funds within 30 days, HHS will automatically assume that the recipient is agreeing to the terms and conditions.

[Terms and conditions](#) should be reviewed closely. Some of the major points include the following:

- Recipients must certify that the funds will only be used to prevent, prepare for, and respond to the coronavirus and reimbursement is only for healthcare related expenses or lost revenues attributed to COVID-19.
  - Recipients must certify that they will not use the payment to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.
  - 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.
  - Recipients must agree to cooperate in an audit and maintain appropriate records and documentation to be provided at the request of the Director of HHS.
  - At the end of each fiscal quarter, if a recipient is receiving more than \$150,000 in aid due to any of the coronavirus response acts, they must submit a report to the Secretary and the Pandemic Response Accountability Committee. The specifics of
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what the report should contain are included in the terms and conditions, with further guidance from HHS expected soon.

**4) How do I apply?**

- a) Providers that are eligible **do not need to apply** to receive payments, in most cases these funds are direct deposited into whichever account normally receives payments from Medicare. These funds appear titled as “US HHS Stimulus” or “HHSPAYMENT”. Providers who normally receive paper checks should receive payment in the mail within the next few weeks. *If providers feel as though they should have received funds but haven’t, they should contact their MACs after reviewing the eligibility and terms and conditions.*

**5) How much can I receive?**

- a) HHS Provider Relief Fund payments are based on the amount of fee-for-service Medicare payments from 2019. To estimate the amount, take total amount received from Medicare in 2019 and divide by \$484 billion (this the total amount Medicare paid in 2019), then multiply by \$30 billion.

**6) Are these payments grants or loans? Do they need to be repaid?**

- a) These payments are grants and do not need to be repaid as long as recipients agree to the terms and conditions. If recipients do not agree to the terms and conditions, the funds must be returned. Recipients are able to ‘reject’ the funds through the attestation portal. HHS is expected to provide further guidance on consequences of failing to comply with the terms and conditions soon.

**7) Can I receive HHS Provider Relief payments and also benefit from other economic stimulus programs?**

- a) Participating in other programs such as Medicare Advanced/Accelerated Payments, PPP loan, EIDL loans, or the Employee Retention Tax Credit does not disqualify you from receiving HHS Provider Relief Payments. However, as part of the terms and conditions, recipients must certify that they will not use the payment to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. Other programs, such as the PPP loans, have stipulations on how the funds can be used which generally disallow for funds from two sources to be used for the same thing.

**8) Where can I find more information?**

- a) [Health and Human Service – Provider Relief Fund page](#)
  - b) [Analysis of the Provider Relief Fund payments](#), including insights into the overlap with PPP loans – from National Law Review
  - c) HHS CAREs Provider Relief Hotline: (866) 569-3522
  - d) [CLICK HERE](#) – for Advocate’s summary of the HHS Provider Relief Fund
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# **GENERAL FINANCIAL STIMULUS PROGRAMS**

## **Paycheck Protection Program**

### **1) What is it?**

- a. The Paycheck Protection Program (PPP) is a loan program established through the CAREs Act which is administered through the Small Business Administration (SBA). The PPP provides small businesses with funds to cover payroll costs, benefits, mortgages, and utilities. The PPP program allows for loan forgiveness as long as certain conditions are met.

### **2) Who is eligible?**

- a. All businesses – including nonprofits, veterans’ organizations, sole proprietorships, self-employed individuals, and independent contractors – with 500 or fewer employees can apply. Businesses in certain industries can have more than 500 employees if they meet applicable [SBA employee-based size standards](#) for those industries. Businesses must also have been operational on February 15, 2020.

### **3) How do I apply for a PPP loan?**

- a. You apply for a PPP loan at any bank or credit union that is approved to participate in the program through the existing U.S. Small Business Administration lending program. Simply call your usual bank/lender and ask if they are participating. If not, the SBA has a [Lender Match tool](#) on its website that will point you to participating institutions. The SBA has also posted the application, available [HERE](#).

### **4) What type of information is needed to apply?**

- a. The application process has been streamlined and requires you to certify that neither the borrower nor any of its 20 percent owners are disqualified based on a series of factors. You must provide good faith estimates of the use of the funds you are borrowing and how much you would like to borrow. If you are an independent contractor, sole proprietor, or self-employed individual, lenders will also be looking for certain documents such as payroll tax filings, Forms 1099-MISC, and income and expenses from the sole proprietorship. During the application process, you must make the following ‘good faith certifications’:

- The uncertainty of current economic conditions makes the loan request necessary to support ongoing operations; and
- That you will use the loan proceeds to retain workers and maintain payroll and benefits or to make mortgage, lease, and utility payments

### **5) How much can I borrow?**

- a. You may apply for (the amount you will receive will be determined by the lending bank) up to 250 percent of your average total monthly payroll expenses incurred in the one-year period before the loan is made, up to a total of \$10 million. Also, there is a per-employee cap of \$100,000 in compensation exclusive of taxes, group medical insurance premiums and certain other expenses. It is
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intended that the loan proceeds will cover eight weeks of payroll expense plus rent, making payments towards debt obligations and other payments to, in effect, keep the business afloat.

**6) What is required so that the loan is forgiven?**

- a. The amount of principal that may be forgiven is equal to the sum of expenses for payroll and benefits, existing interest payments on mortgages, rent payments, leases, and utility services. However, proposed regulations issued late on April 9 (the first applications for PPP loans were not accepted until the next morning) require that, in order for the loan to be forgiven, **at least 75 percent of the proceeds have to be paid out as payroll**. Payroll costs include employee salaries (up to an annual rate of pay of \$100,000), hourly wages and cash tips, paid sick or medical leave, and group health insurance premiums. You are not forbidden from using the PPP loan proceeds for other expenses (ex- inventory), but that portion of the loan will not be forgiven.

**7) When is the loan forgiven?**

- a. The loan is forgiven at the end of the eight-week period after you take out the loan. Borrowers will work with lenders to verify that PPP loan proceeds were used to satisfy approved expenses and the proper amount of forgiveness.

**8) How much of my loan will be forgiven?**

- a. The purpose of PPP loans is to help you retain your employees at their current base pay/benefits. If you keep all of your employees and compensation levels, and at least 75 percent of the proceeds are used for payroll with the remainder of the proceeds are devoted to other approved expenses, the entirety of the loan will be forgiven. If you keep some employees and layoff others, the forgiveness will be reduced by the percentage decrease in the number of employees. If your total payroll expenses on employees making less than \$100,000 annually decreases by more than 25 percent, loan forgiveness will be reduced by the same amount. If you have already laid off some employees, you can still be forgiven for the full amount of your payroll cost if you rehire your employees by June 30, 2020.

**9) If the full loan is not forgiven, how much is the interest on the remainder?**

- a. If the full principal of the PPP loan is forgiven, you do not have to pay any interest accrued in the eight-week covered period. The remainder of the loan that is not forgiven will (i) accrue interest at an annual one percent rate and (ii) mature in two years with 6-month deferment. Interest amounts can not exceed 4% - anecdotally, we are hearing that these rates are starting off of at .5-1%.

**10) If I participate in the PPP loan program, can I also participate in other economic stimulus programs?**

- a. Yes and No – you **can not** benefit from the Employee Retention Tax credit and other SBA loan programs (including PPP loans). You are still eligible to participate from Medicare Advanced/Accelerated Payments and HHS Payments – however, generally speaking you can not use the funds from multiple programs for the same expenses. More information on how HHS payments interact with other funding sources is still to come. You can participate in both the EIDL and PPP loan program as long as the funds are not used for the same expenses.
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## 11) Where can I find out more information?

- a. [COVID-19 Resource Center](#) – from our legal counsel, IceMiller.
  - i. [CLICK HERE](#) for their summary of federal loan programs, including the PPP and EIDL programs
- b. [Paycheck Protection Program Fact Sheet](#) – from the US Department of Treasury
- c. [Small Business Administration: PPP Webpage](#)
- d. [Analysis of the Interim Final Rule of the PPP](#) from ReedSmith
- e. [CLICK HERE](#) – for Advocate’s original summary of the CAREs Act

## Economic Injury Disaster Loans (EIDL Loans)

### 1) What is it?

- a. The Economic Injury Disaster Loan program is administered through the SBA and has been expanded with passage of several coronavirus related legislations. EIDL loans are available to small businesses who are located in regions where a disaster has been declared – small business owners in all U.S. States and territories may apply due to the COVID-19 emergency.

### 2) Who is eligible?

- a. All businesses – including nonprofits, veterans organizations, sole proprietorships, self-employed individuals, and independent contractors – with 500 or fewer employees can apply. Businesses in certain industries can have more than 500 employees if they [meet applicable SBA employee-based size standards](#) for those industries. The business must be adversely impacted by COVID-19 and show that economic injury occurred.

### 3) How do I apply for an EIDL loan?

- a. You can apply online through the SBA’s website: [CLICK HERE FOR APPLICATION](#)

### 4) What type of information is needed to apply?

- a. You will be asked to provide financial information on your business. First year tax returns are not required and loans can be based on credit scores. However, you do have to agree to let the SBA review your tax records. Loans of \$25,000 or less require no collateral. For loans above \$25,000, general security interest in business assets can be used. You can borrow up to \$200,000 without a personal guarantee. If owned by individuals, you need to provide personal information (SSN, address, etc) on each owner with a 20% stake or more.

### 5) How much can I borrow? Are EIDL loans eligible for forgiveness like PPP loans?

- a. Up to \$2 Million in working capital can be requested. EIDL loans do not have an outright forgiveness option like PPP loans you can request an advance which does not need to be repaid during the application process. An advanced payment of up to \$10,000 dollars which can be distributed while waiting on the remainder of the application to be processed. The amount you can request for an advance is determined by how many employees a business has, allowing for \$1,000 per employee up to \$10,000. **Advanced payments do not need to be repaid, effectively making them a grant.** If awarded the EDIL loan, the advance payment is removed from the balance – for example: an applicant may request
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\$100,000 and request/qualify for \$10,000 as an advance. Once awarded the EDIL, they would be responsible for repaying \$90,000 dollars. Applicants that request and receive advanced payments but are not approved for the remainder of the EDIL **do not have to repay the advance.**

**6) What is the interest rate and repayment terms?**

- a. The interest rate for EIDLs due to COVID-19 is 3.75% for small businesses and 2.75% for nonprofits. The law authorizes loan terms up to a maximum of 30 years. SBA will determine an appropriate installment payment based on the financial condition of each borrower, which in turn will determine the loan term.

**7) If I participate in the EIDL loan program, can I also benefit from other stimulus programs?**

- a. Yes and No – you **can not** benefit from the Employee Retention Tax credit and other SBA loan programs (including PPP loans). You are still eligible to participate from Medicare Advanced/Accelerated Payments and HHS Payments – however, generally speaking you can not use the funds from multiple programs for the same expenses. More information on how HHS payments interact with other funding sources is still to come. You can participate in both the EIDL and PPP loan program as long as the funds are not used for the same expenses. EIDL loans can be turned into a PPP loan. You can refinance an EIDL loan into a PPP loan but note that if you do get a PPP loan, the \$10,000 grant will be subtracted from the PPP forgiveness amount

**8) Where can I find more information?**

- a. [FAQ Sheet on EIDL Loans](#) – from the House Small Business Committee
- b. [Summaries of both PPP loans and EIDL loans](#) – from the National Law Review
- c. [Small Business Administration: EIDL loans site](#)
- d. [CLICK HERE](#) – for Advocate’s first article on EIDL loans

## **Main Street Lending Program**

**1) What is it?**

- a. The Main Street Lending Program is a loan program administered through the Federal Reserve System geared towards mid-sized businesses. The program plans to provide \$2.3 trillion in loans to support the economy in wake of the COVID-19 pandemic, which includes funneling additional resources towards the PPP loan program.

**2) Who is eligible?**

- a. The program is available to any businesses with fewer than 10,000 employees or with revenues of less than \$2.5 billion.

**3) How do I apply? What information is needed?**

- a. As of April 16<sup>th</sup>, the application process has not been made available by the Federal Reserve. During the initial announcement of the program on April 9<sup>th</sup>, the Federal Reserve stated instructions on how to apply will be available in the coming weeks. However, businesses will work with banks to obtain the loans.

**4) How much can I borrow?**

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- a. Loans generally range from \$1 million up to \$25 million.
- 5) What is the interest rate and repayment terms?**
  - a. Interest rates are adjustable and will be based on SOFR (Secured Overnight Financing Rate). Principal and interest payments are deferred for the first year of the loan. Loans are subject to 4 year maturity.
- 6) Do any conditions apply?**
  - a. Yes - Borrowers must follow the compensation, stock repurchase and dividend restrictions that apply to direct loan programs under the CARES Act (section 4003(c)(3)(A)(ii)). This section of the act applies time limits on stock buybacks and limits salary amounts for employees for the year following the dispersal of the loan. Additionally, borrowers must attest that they are seeking the loan due to hardships associated with COVID-19, the funds will not be used to repay other loans or debt (other than mandatory principal payments), and the borrower will make reasonable efforts to maintain their workforce.
- 7) If I participate in the Main Street Lending Program, can I also benefit from other stimulus programs?**
  - a. Yes – borrowers can apply for both the Main Street Lending Program and other SBA loan programs, such as the PPP loans or EIDL loans. As the Employee Retention Tax Credit specifically excludes participants involved in SBA loans, you should be able to benefit from the Main Street Lending Program and the Employee Retention Tax Credit. Participation in the Main Street Lending Program does not exclude borrowers from being eligible for provider specific programs such as Medicare Advanced/Accelerated Payments and HHS Provider Relief Payments. However, in general you can not use the funds from multiple programs for the same expenses. Be sure to review the terms and conditions thoroughly.
- 8) Where can I find more information?**
  - a. [Federal Reserve – Main Street Lending Program page](#)
  - b. [Summary of the Main Street Lending Program](#) – from the National Law Review

## **Employee Retention Tax Credit**

- 1) What is it?**
    - a. The employee retention tax credit is a broad-based, refundable tax credit designed to encourage employers to keep employees on their payroll.
  - 2) Who is eligible?**
    - a. The credit is available to all employers, including tax exempt organizations, with two exceptions: 1) state and local governments and 2) small businesses who take part in SBA loans – such as the PPP or EIDL loans. In order to qualify, an employer must either:
      - Have their business fully or partially suspended by government order due to COVID-19
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OR

- Show that gross receipts are below 50% of the comparable quarter in 2019. Once gross receipts go above 80% of a comparable quarter in 2019, they will no longer qualify at the end of the fiscal quarter

**3) How do I apply for the Employee Retention Tax Credit?**

- a. Eligible employers must report their total qualified wages and any related credits on a quarterly basis. These federal returns are typically completed through [Form 941, Employer's Quarterly Federal Tax Return](#). Through this filing, businesses will report their income, as well as the Social Security and Medicare taxes that were withheld from employees' paychecks. The employer's portion of the Social Security and Medicare taxes must be reported too. Eligible employers should expect to receive the credit, so they can use the funds that would normally be withheld to cover employees' qualified wages. Businesses can also try requesting an advance from the IRS.

**4) How much is the tax credit worth?**

- a. The amount of the credit is **50% of the qualifying wages paid up to \$10,000** in total and is effective for wages paid **after March 13th and before December 31, 2020**. The definition of 'qualifying wages' depends on if an employer had, on average, 100 employees or less in 2019. For employers with less than 100 employees, the credit is based on wages paid to all employees regardless of whether they actually worked or not. In other words, you'd receive the credit for all employees even if some are still working full or part time as of March 13<sup>th</sup>, 2020. For employers with over 100 employees, the credit is allowed only for wages actually paid to employees who did not work during the calendar quarter. In either case, 'wages' are not limited to salary but also include a portion of the cost of employer provided health care. Employers can be immediately reimbursed for the credit by reducing the amount of payroll taxes they have withheld from employees' wages that they are required to deposit with the Treasury.

**5) If I benefit from the Employee Tax Credit, can I also benefit from other economic stimulus programs?**

- a. Benefiting from the Employee Tax Credit does limit the amount of other programs that you may otherwise qualify for, as well as other tax credits that may be available via other coronavirus legislation. To be eligible for the tax credit, you may not participate in the PPP or EIDL loans. You can participate in provider specific economic programs such as the Medicare Advanced/Accelerated Payments and HHS Provider Relief Fund payments.

**6) Where can I find more information?**

- a. [Internal Revenue Service – Employee Retention Tax Credit page](#)
  - b. [Guide to the Employee Retention Tax Credit](#) – from the US Chamber of Commerce
  - c. [Comparison of tax programs and the PPP](#) – from the Congressional Research Service
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