

CARES Act Webinar

**Does Your Practice Qualify for a CARES Act
Small Business Loan?**

And a Few Other Important Things You Should Know

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CARES Act

- Congress passed the CARES Act (H.R. 748) & President signed it into law
 - Coronavirus Aid, Relief, and Economic Security Act
- Largest economic bill in U.S. history
- Roughly \$2 trillion bill providing relief to individuals, businesses, and states.
- 3rd bill (so far) from Congress
 - 4th bill in the works (hopefully!)

H. R. 748

One Hundred Sixteenth Congress
of the
United States of America

AT THE SECOND SESSION

*Began and held at the City of Washington on Friday,
the third day of January, two thousand and twenty*

An Act

To amend the Internal Revenue Code of 1986 to repeal the excise tax on high cost employer-sponsored health coverage.

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the "Coronavirus Aid, Relief, and Economic Security Act" or the "CARES Act".

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. References.

DIVISION A—KEEPING WORKERS PAID AND EMPLOYED, HEALTH CARE
SYSTEM ENHANCEMENTS, AND ECONOMIC STABILIZATION

TITLE I—KEEPING AMERICAN WORKERS PAID AND EMPLOYED ACT

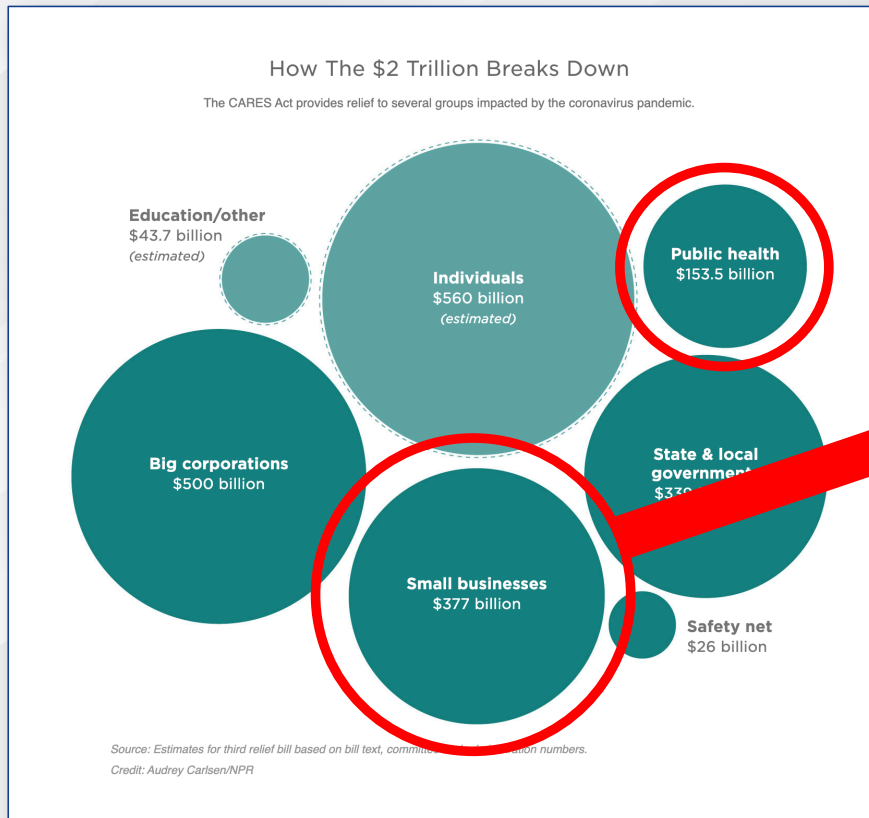
Sec. 1101. Definitions.
Sec. 1102. Paycheck protection program.
Sec. 1103. Entrepreneurial development.
Sec. 1104. State trade expansion program.
Sec. 1105. Waiver of matching funds requirement under the women's business center program.
Sec. 1106. Loan forgiveness.
Sec. 1107. Direct appropriations.
Sec. 1108. Minority business development agency.
Sec. 1109. United States Treasury Program Management Authority.
Sec. 1110. Emergency EIDL grants.
Sec. 1111. Resources and services in languages other than English.
Sec. 1112. Subsidy for certain loan payments.
Sec. 1113. Bankruptcy.
Sec. 1114. Emergency rulemaking authority.

TITLE II—ASSISTANCE FOR AMERICAN WORKERS, FAMILIES, AND
BUSINESSES

Subtitle A—Unemployment Insurance Provisions
Sec. 2101. Short title.
Sec. 2102. Pandemic Unemployment Assistance.
Sec. 2103. Emergency unemployment relief for governmental entities and nonprofit organizations.
Sec. 2104. Emergency increase in unemployment compensation benefits.
Sec. 2105. Temporary full Federal funding of the first week of compensable regular unemployment for States with no waiting week.
Sec. 2106. Emergency State staffing flexibility.
Sec. 2107. Pandemic emergency unemployment compensation.
Sec. 2108. Temporary financing of short-time compensation payments in States with programs in law.
Sec. 2109. Temporary financing of short-time compensation agreements.



CARES ACT Overview



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H.R. 748 CARES Act: Small Business Support for COVID-19

The following summary prepared by the Community Oncology Alliance (COA) is provided to community oncology practices that may be eligible, in some respects, for small business support under the CARES stimulus bill.

Section 1102: Paycheck Protection Program

Overview:

- This legislation calls for \$349 billion for the Small Business Administration (SBA) to guarantee loans to small businesses.
- The loan money will be distributed using the existing framework of the Small Business Administration's 7(a) program. This program is a partnership between private financial lenders, which issue the loans, and the SBA, which guarantees them.
- Potential recipients must apply for a loan in the covered period, which begins on February 15, 2020 and ends on June 30, 2020.
- Loan amounts are calculated by taking 250% of the business's average monthly payroll costs during the one-year period before the loan is made.
- Eligible recipients could receive loans for as much as \$10 million, and interest rates during the covered period would be capped at 4%.
- Loans should be used for the following expenses:
 - Payroll costs
 - Costs related to the continuation of group health care benefits during periods of paid sick, medical or family leave, and insurance premiums
 - Employee salaries, commissions, or similar compensations
 - Payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation)
 - Rent (including rent under a lease agreement)
 - Utilities
 - Interest on any other debt obligations that were incurred before the covered period.
- Businesses cannot use the funds to compensate individual employees at an annual rate above \$100,000 or to pay for emergency sick or family leave under the second coronavirus response package.

Eligibility:

- Businesses and non-profits eligible for a loan must have under 500 employees.
- Sole proprietors and independent contractors are eligible, given they provide proper 1099-MISC documentation.
- Hotel and food service chains with 500 or fewer employees per location are eligible.
- Businesses must be able to prove that they were operating with salaried employees or paid contractors as of February 15, 2020.
- The SBA would have to assume that eligible loan applicants that were in operation as of February 15, 2020 were adversely affected by COVID-19 and require lenders to let them defer payments for six months to a year.



Relief Fund Payment

- First \$30 billion of \$100 billion allocated to providers
- Direct deposited last week in most practices' accounts
 - Mailing checks if no relationship with UHC Optum
- *“The Recipient certifies that the Payment will only be used to prevent, prepare for, and respond to coronavirus, and shall reimburse the Recipient only for health care related expenses or lost revenues that are attributable to coronavirus.”*



DEPARTMENT OF HEALTH & HUMAN SERVICES

Relief Fund Payment Terms and Conditions

- The Payment means the funds received from the Public Health and Social Services Emergency Fund (“Relief Fund”). The Recipient means the healthcare provider, whether an individual or an entity, receiving the Payment.
- The Recipient certifies that it billed Medicare in 2019, provides or provided after January 31, 2020 diagnoses, testing, or care for individuals with possible or actual cases of COVID-19; is not currently terminated from participation in Medicare; is not currently excluded from participation in Medicare, Medicaid, and other Federal health care programs; and does not currently have Medicare billing privileges revoked.
- The Recipient certifies that the Payment will only be used to prevent, prepare for, and respond to coronavirus, and shall reimburse the Recipient only for health care related expenses or lost revenues that are attributable to coronavirus.
- The Recipient certifies that it 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.
- The Recipient shall submit reports as the Secretary determines are needed to ensure compliance with conditions that are imposed on this Payment, and such reports shall be in such form, with such content, as specified by the Secretary in future program instructions directed to all Recipients.
- Not later than 10 days after the end of each calendar quarter, any Recipient that is an entity receiving more than \$150,000 total in funds under the Coronavirus Aid, Relief, and Economics Security Act (P.L. 116-136), the Coronavirus Preparedness and Response Supplemental Appropriations Act (P.L. 116-123), the Families First Coronavirus Response Act (P.L. 116-127), or any other Act primarily making appropriations for the coronavirus response and related activities, shall submit to the Secretary and the Pandemic Response Accountability Committee a report. This report shall contain: the total amount of funds received from HHS under one of the foregoing enumerated Acts; the amount of funds received that were expended or obligated for each project or activity; a detailed list of all projects or activities for which large covered funds were expended or obligated, including: the name and description of the project or activity, and the estimated number of jobs created or retained by the project or activity, where applicable; and detailed information on any level of sub-contracts or subgrants awarded by the covered recipient or its subcontractors or subgrantees, to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 allowing aggregate reporting on awards below \$50,000 or to individuals, as prescribed by the Director of the Office of Management and Budget.
- The Recipient shall maintain appropriate records and cost documentation including, as applicable, documentation required by 45 CFR § 75.302 – Financial management and 45 CFR § 75.361 through 75.365 – Record Retention and Access, and other information required by future program instructions to substantiate the reimbursement of costs under



Paycheck Protection Program (Sec. 1102)

- Provides the Small Business Administration (SBA) with \$349 billion to guarantee loans
 - And a medical practice is a small business
- Private lenders issue the loans; the SBA guarantees the loans under Section 7(a)
 - Unlike “normal” SBA disaster loans; waives personal guaranty & requirement can’t get a loan elsewhere
 - Presumption of negative impact from COVID-19
- Apply now until June 30, 2020
 - But fund is out of money as of last night; banks apparently not taking loan applications
- Can receive a loan for as much as \$10 million
 - Interest rate capped at 4%
 - Payment deferred no less than 6 months and no more than one year
 - *However, the loan can be forgiven!!!*
 - Payment term not to exceed 10 years for the portion not forgiven
- Loan amounts calculated by taking 250% of business average monthly payroll costs during the one-year period before the loan is made
 - Loan is lesser of this calculated amount or \$10 million
 - Catch is cost for individuals making over \$100,000 are capped at \$100,000



Loans Used to Cover Typical Expenses

- Payroll costs
- Costs related to the continuation of group health care benefits during periods of paid sick, medical or family leave, and insurance premiums
- Employee salaries, commissions, or similar compensations
- Payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation)
- Rent (including rent under a lease agreement)
- Utilities
- Interest on any other debt obligations that were incurred before the covered period.



Loan Eligibility

- Businesses and non-profits must have under 500 employees
 - We are clarifying this (overall or per location?)
- Sole proprietors and independent contractors are eligible, given they provide proper 1099-MISC documentation
- Businesses must be able to prove that they were operating with salaried employees or paid contractors as of February 15, 2020
- SBA assumes that eligible loan applicants that were in operation as of February 15, 2020 were adversely affected by COVID-19 and require lenders to let them defer payments for six months to a year



Loan Forgiveness

- Recipients that retain workers or rehire ones that were laid off can be eligible for loan forgiveness
- Certain costs incurred during an 8-week period starting on the loan's origination date are eligible for forgiveness
 - Costs include payroll, rent payment, mortgage obligations, and utilities
- Amount of loan forgiveness takes into account the number of workers retained or rehired
- In order to receive loan forgiveness, applicants must verify the previous six weeks of payroll and later verify that they have paid employees for eight weeks after receiving the loan
- Amount of loan forgiveness is the sum of relevant costs during the 8-week period after the loan date
- Canceled debt excluded from borrowers' gross income for tax purposes



How to Apply

- Borrowers apply through banks, credit unions, and other lenders
 - The SBA is the guarantor
- Approximately 1,800 private lenders are already approved to issue 7(a) loans
 - Plans to issue new regulations that will make it possible for almost all FDIC-insured banks to make SBA loans
- Go to your bank or lender and inquire about applying for a 7(a) small business loan for the purposes of COVID-19 relief
 - If your lender doesn't offer it, try another
- Further grants will be given to states that enact short-time compensation programs
 - Check your state's small business agency for other potential programs.
- Go to the SBA website for further details



Important Notes

- Seems like details changing by the day!
 - Go to <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses> to check for updates and to get forms
- Best approach is to check with a qualifying lender for specifics
- Be prepared to have documentation including how the loan will be used and IRS forms such as 941 & 944



Employee Retention Credits (Sec. 2301)

- Not available for a business receiving an SBA loan
- Refundable payroll tax credit for 50% of wages paid by employers to employees during the COVID-19 crisis
- The credit is based on qualified wages paid to the employee
 - Credit against applicable employment taxes for each calendar quarter in an amount equal to 50% of the qualified wages of each employee
- For employers with greater than 100 full-time employees, qualified wages are wages paid to employees when they are not providing services due to the COVID-19-related circumstances
- For eligible employers with 100 or fewer full-time employees, all employee wages qualify for the credit, whether the employer is open for business or subject to a shutdown order
- Credit is provided for the first \$10,000 of compensation, including health benefits, paid to an eligible employee
 - Provided for wages paid or incurred from March 13, 2020 through December 31, 2020



Eligibility

- Credit is available to employers whose operations were fully or partially suspended, due to a COVID-19 related shutdown order, or gross receipts declined by more than 50% when compared to the same quarter in the prior year
- Employers that apply for an SBA loan not be eligible to receive the credit
- The credit wouldn't apply to federal, state, or local government employers



Payroll Tax Relief (Sec. 2302)

- Allows employers (and self-employed individuals) to defer payment of their share of the Social Security tax they are responsible for paying to the federal government
 - Employers can delay paying payroll taxes for 2020, then pay 50% in 2021 and the other 50% in 2022
- Eligibility:
 - All employers who pay FICA taxes on behalf of their employees
 - The payroll-tax deferral wouldn't apply to employers with small business loan debt forgiven under the bill



Economic Injury Disaster Loans (Existing Program)

- Provides \$10 billion to expand SBA's existing disaster loan program from January 31, 2020 through December 31, 2020.
- Economic Injury Disaster Loans applicable for those who need smaller loans
 - Offer up to \$2 million in assistance and can provide economic support to small businesses to help overcome the temporary loss of revenue
- Loans may be used to pay fixed debts, payroll, accounts payable, and other bills that can't be paid because of the disaster's impact
- The interest rate is 3.75% for small businesses (2.75% for nonprofits)
- SBA offers long-term repayments, up to a maximum of 30 years.
 - Terms determined on a case-by-case basis, based upon each borrower's ability to repay
- CARES Act authorizes SBA to advance as much as \$10,000 to existing and newly eligible disaster loan recipients within 3 days of receiving their applications.
 - Advance funds used to pay sick leave to employees affected by COVID-19, retain employees, address interrupted supply chains, make rent or mortgage payments, and repay debt
 - Don't have to repay the advance funds



Eligibility

- Businesses, non-profits, cooperatives, employee stock ownership plans, and tribal businesses with 500 or fewer employees
 - Sole proprietors and independent contractors are eligible for these loans
- In order to qualify, must prove substantial economic injury and unable to pay ordinary and necessary operating expenses
- Small business owners in all U.S. states and territories are currently eligible to apply for a low-interest loan due to Coronavirus (COVID-19)
 - Forms and materials that are needed when submitting an application:
 - Employee Identification Number
 - The date of establishment
 - Number of years under current management
 - Names and addresses of contacts for Loss Verification Inspection
 - Personal information including birth dates, Social Security numbers, phone numbers and ownership percentages for each of the business' owners
 - Additional information will need to be provided if any of the business' owners own more than a 50% stake in a different business
 - Personal financial statements will need to be completed for each owner
 - The value of cash, receivables, personal property
 - The amount of debts
 - The amount of liabilities that you are contingently liable for (i.e., what is the dollar value of loans that you guarantee)



Express Bridge Loans (Existing Program)

- Allows certain small businesses access to up to \$25,000 with less paperwork
- Loans can provide economic support to small businesses to help overcome the temporary loss of revenue
 - Can be a term loan or used to bridge the gap while applying for a direct SBA Economic Injury Disaster Loan
- **Eligibility**
 - Small businesses who currently have a business relationship with an SBA Express Lender
 - Small businesses that have an urgent need for cash while waiting for decision and disbursement on Economic Injury Disaster Loan



Accelerated & Advance Medicare Payments

- Expands CMS' authority to accelerate and advance payments to Medicare providers under Parts A & B
- Must have billed Medicare for claims within past 180 days, not in bankruptcy, not under investigation, not delinquent for overpayments
- Provider has to request a specific amount
 - Most practices able to request up to 100% of Medicare payment for a 3-month period
- Each MAC will review and issue payments within 7 days
 - Repayment 120 days after payment
- Forms on each MAC website



Hold on Medicare Sequester Cut

- 2% Medicare sequester cut on drugs and services will be halted from May through December 2020
 - COA fought very hard to have this apply to practices, not just hospitals
- Need to make sure Medicare Advantage follows suit
 - Just like they put the sequester cut in place when it was applied to Medicare fee-for-service



Importance of Telehealth Expansion

- Practices are having more “virtual” visits with patients to monitor and prioritize treatments
- CMS has significantly expanded telehealth
 - Allows for audio only
 - Relaxes HIPAA
 - Billed at physician rate versus lower-reimbursed facility rate



Few Last Notes...

- COA has a COVID-19 webpage with lots of resources
 - Information on practice procedures, policies, and billing
 - Small business help
 - Webinar recordings
 - COVID-19 practice policies
 - Telehealth
- COA has a dedicated listserv on COVID-19
- Fighting to get prior authorizations stopped during the crisis
- Working with Congress on 4th stimulus bill
 - More individual, business, and provider relief



Virtual 2020 COA Conference

VIRTUAL

COA 2020

Community Oncology Conference

FOCUS ON THE FUTURE OF CANCER CARE



Thank You!

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