COVID-19: Financial Resources Available to Your Medical Practice from the CARES Act

For NASS members whose practices have been hit hard by the COVID-19 pandemic, the $2.2 trillion in new spending authorized by the Coronavirus Aid, Relief and Economic Security (CARES) Act provides some relief. This Act creates important new loan programs designed to help you retain staff, increases funding and flexibility in existing Small Business Administration (SBA) loan programs, and offers accelerated and increased Medicare payments to assist with cash flow. Here is an overview of some of the prominent financial relief programs authorized by the CARES Act:

**Paycheck Protection Program**

$350 billion of the relief available in the CARES Act is to fund a new program called the Paycheck Protection Program to provide forgivable loans to small businesses with the incentive of reducing layoffs. These loans, which are backed by the SBA but obtained through private lenders, are available to businesses of 500 or less employees. Loans may be obtained in an amount up to 250% of monthly payroll. Key things to know about these loans are:

**Eligibility:** Organizations that have fewer than 500 total employees are eligible

**Maximum loan amount:** 250% of monthly payroll (with some caps for employees earning over $100,000 per year), with a maximum of $10 million

**Key terms of the loans:**

- Borrowers can use the loan proceeds to pay for payroll costs (75% of the loan proceeds should be used for this purpose), interest on mortgages, rent, and utilities
- Principal and interest payments are deferred for at least six months
- So long as the borrower maintains (or achieves by June 30, 2020) certain employee and salary retention goals, up to eight weeks of payroll costs, mortgage interest, rent and utility payments can be forgiven and not repaid. If conditions are not met, amount forgiven will be lower.

**How to Apply:** Visit any SBA-approved private lender; many other private lenders are also authorized to issue these loans as well. **Loans are distributed on a first come first served basis. Oversubscription is expected; plan to act quickly.**

**Additional Resources:**

- [SBA’s Paycheck Protection Program Webpage](#)
- [SBA’s Paycheck Protection Program Fact Sheet](#)

**Employee Retention Payroll Tax Credit**

Any business that has been forced to fully or partially suspend operations, or that has seen a significant drop in revenues is eligible for a 50% credit for wages that, despite the economic circumstances, were still paid to employees during the period of time from March 12, 2020 through the end of the year. The credit can be claimed against the employer portion of the social security taxes and is fully refundable to the extent of the excess. The maximum credit an employer may take with regards to any employee is $5,000.

This tax credit is an alternative program to the Paycheck Protection Program; businesses that choose to participate in PPP cannot also claim this credit. You should contact your payroll service provider for more information.
Additional Resources:

- IRS’ Employee Retention Payroll Tax Credit FAQ
- United States Senate Finance Committee Employee Retention Tax Credit FAQ

Expansion of Medicare Payments

Also included in the CARES Act are provisions that aim to increase, and hasten, Medicare payments to providers. This is done through two ways:

**Suspension of the 2% Medicare sequester:** For the remainder of 2020, the 2% cut, or sequester, in Medicare payments is temporarily halted. This will have the effect of boosting Medicare payments to physicians.

**Expansion of Accelerated Payments Program.** CMS’ accelerated payments program – which provides payments when there is a disruption in the claims submission or processing process – has been expanded for the duration of this public health crisis. Some of the changes as part of this expansion include:

- Increasing the length of accelerated payments from 3 to 6 months;
- Increasing the prepayment amount from 70% to 100% generally;
- Delaying the date by which recovery of any overpayments can begin from 90 to 120 days;
- Extending the due date for any outstanding balances from 90 days to 1 year.

Additional Resources:

- CMS Fact Sheet: Expansion of the Accelerated and Advance Payments Program for Providers and Suppliers During the COVID-19 Emergency

Other SBA Loans

In addition to the Paycheck Protection Program, other funding is available through the CARES Act. This funding has both loan programs that are specific to the disaster, such as the Economic Injury Disaster Loans (EIDL) and disaster-specific loans for mid-size businesses, as well as loans that are generally available, but have increased funding and more flexible terms for the time being. For more information on these options, please see NASS’ CARES Act: Overview of Financing Options available here.

As information on these programs evolves, please visit NASS’ COVID-19 webpage at www.spine.org/COVID-19 for updated information.