



CARES Act: Information for providers

On Friday, March 27, 2020, the United States Congress cleared and President Trump signed a third bill that allows for \$2.4 trillion in spending in response to the public health crisis and economic fallout for individuals and businesses due to the COVID-19 pandemic. This package is the largest in American history and provides a broad range of provisions, including payments to local governments, grants for medical response efforts, loans to small businesses and rebates to eligible individuals, among other things.

The stabilization package contains hundreds of billions of dollars to help American businesses cope with a slowing economy. Included is \$100 billion in grants to medical providers, nearly \$350 billion in loans to small businesses to maintain their employee payrolls, and \$500 billion to provide liquidity to eligible businesses facing losses incurred due to the coronavirus.

Overview of CMS Accelerated and Advanced Payments Program

In order to increase cash flow to providers of services and suppliers impacted by the 2019 novel coronavirus (COVID-19) pandemic, the Centers for Medicare & Medicaid Services (CMS) has expanded its current Accelerated and Advance Payment Program to a broader group of Medicare Part A providers and Part B suppliers.

What it is:

- An accelerated/advance payment is a payment intended to provide necessary funds when there is a disruption in claims submission and/or claims processing. These expedited payments can also be offered in circumstances such as national emergencies, or natural disasters in order to accelerate cash flow to impacted health care providers and suppliers.
- CMS is authorized to provide accelerated or advance payments during the period of the public health emergency to any Medicare provider/supplier who submits a request to the appropriate Medicare Administrative Contractor (MAC) and meets the required qualifications.

Who is eligible:

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.

How much:

- 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 can 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.

Key repayment terms:
<p>CMS has extended the repayment of these accelerated/advance payments to begin 120 days after the date of issuance of the payment. The repayment timeline is broken out by the following provider type:</p> <ul style="list-style-type: none">• Inpatient acute care hospitals, children’s hospitals, certain cancer hospitals, and• Critical Access Hospitals (CAH) have up to one year from the date the accelerated payment was made to repay the balance.• All other Part A providers and Part B suppliers will have 210 days from the date of the accelerated or advance payment was made to repay the balance.
Where to apply and get more information:
<ul style="list-style-type: none">• Accelerated/Advance Payment Request forms vary by contractor and can be found on each individual MAC’s website. Complete an Accelerated/Advance Payment Request form and submit it to your servicing MAC via mail or email. CMS has established COVID-19 hotlines at each MAC that are operational Monday – Friday to assist with accelerated payment requests. Providers can contact the MAC that services their geographic area. To locate your designated MAC, refer to the CMS website.

Overview of Health and Human Services Provider Grant Program
<p>The CARES Act includes \$100 billion for grants from the U.S. Department of Health and Human Services' Office of the Assistant Secretary for Preparedness and Response.</p>
What it is:
<p>The grants are meant to cover unreimbursed health care-related expenses due to COVID-19, including:</p> <ul style="list-style-type: none">• increased staffing and training• personal protective equipment• lost revenue
Who is eligible:
<ul style="list-style-type: none">• Public entities, Medicare- or Medicaid-enrolled suppliers and providers, and for-profit and not-for-profit entities within the United States that provide diagnosis, treatment and care for possible or expected cases of COVID-19.
How much:

- Funding will be based on economic and financial harm to physicians.
- American Academy of Family Physicians has developed a [tool to calculate COVID-19 related losses](#).

Key terms or limitations:

- The CARES Act stipulates that these payments should be made through the “most efficient payment systems practical” to provide emergency payment.
- The funding is available until expended.

Where to apply and get more information:

- HHS guidance on funding is still pending.

Overview of Small Business Administration Paycheck Protection Program

The CARES Act expands the ability to obtain loans under Section 7(a) of the Small Business Act through a new \$349 billion Paycheck Protection Program. Information about these programs can be found on the [Small Business Administration website](#).

What it is:

- Government-backed SBA loans to help small businesses keep employees employed, on their employer-sponsored insurance, and maintain physical operations due to COVID-19 related business impacts.
- The government has committed to funding \$350 billion in loans to fund grants issued between February 15, 2020 and June 30, 2020.
- SBA grants can be obtained through SBA-approved financial institutions.

Who is eligible:

- Businesses that generally have fewer than 500 employees.
- Businesses can include:
 - For profit businesses (who are usually eligible for SBA loans)
 - Sole proprietors
 - Independent contractors
 - Certain self-employed individuals
 - Nonprofit organizations section 501(c)(3) organizations, and nonprofit veteran organizations (under section 501(c)(19))
 - Tribal businesses
- Businesses with more than one physical location that employ no more than 500 employees per physical location in certain industries, subject to a gross annual receipts threshold.
- The aggregation rule is lifted for some franchises in the hospitality and restaurant industries.
- Businesses must certify the uncertainty of current economic conditions makes their loan request necessary and acknowledge funds will be used to either retain workers and/or make mortgage, lease or utility payments.

How much:



- Loan amounts are tied by the average monthly payroll of the business during the preceding year.
- In general, the maximum loan amount is \$10 million, however, the amount may be less for most businesses.

What can loans be used for:

- Funds can be used for:
 - Payroll costs, which includes:
 - Payments to employees, including salaries, wages, group health and retirement benefits.
 - Wage, commission, income, net earnings from self-employment, or similar compensation for sole proprietors or independent contractors (up to \$100,000 in 1 year, prorated for the covered period).
 - Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums.
 - Interest on any mortgage obligation or other debt obligations incurred before February 15, 2020
 - Rent or utilities.
 - Employee compensation is limited to the first \$100,000 per employee per year (prorated for the February 15 to June 30 period), and it does not include employees who are not living in the U.S. It also does not include any of the payments made under the Families First Act (paid sick and paid Family Medical Leave Act time).

Key terms or limitations:

- There are several key terms and limitations including maximum interest rate, waiving fees, payment deferment and loan forgiveness.

Where to apply and get more information:

- Information about these programs can be found on the [Small Business Administration website](#).

Overview of Economic Injury Disaster Loan (EIDL) Program

In response to the Coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington D.C., and territories are eligible to apply for an Economic Injury Disaster Loan.

What it is:

- This advance (up to \$10,000) will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. This loan advance will not have to be repaid.

Who is eligible?

- This program is for any small business with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organization or 501(c)(19) veterans organizations affected by COVID-19.



How much:
<ul style="list-style-type: none">Up to \$10,000.
Where to apply and get more information:
<ul style="list-style-type: none">Eligible Entity Verification website hereMore Information: Small Business Administration website

Overview of Employee Retention Credit
The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), enacted on March 27, 2020, is designed to encourage Eligible Employers to keep employees on their payroll, despite experiencing economic hardship related to COVID-19, with an employee retention tax credit (Employee Retention Credit).
Who is eligible:
Eligible Employers for the purposes of the Employee Retention Credit are those that carry on a trade or business during calendar year 2020, including a tax-exempt organization, that either: <ul style="list-style-type: none">Fully or partially suspends operation during any calendar quarter in 2020 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to COVID-19; orExperiences a significant decline in gross receipts during the calendar quarter.
How much:
<ul style="list-style-type: none">The Employee Retention Credit is a fully refundable tax credit for employers equal to 50% of qualified wages (including allocable qualified health plan expenses) that Eligible Employers pay their employees.This Employee Retention Credit applies to qualified wages paid after March 12, 2020, and before January 1, 2021. The maximum amount of qualified wages considered with respect to each employee for all calendar quarters is \$10,000, so that the maximum credit for an Eligible Employer for qualified wages paid to any employee is \$5,000.
Key terms or limitations:
<ul style="list-style-type: none">A significant decline in gross receipts begins with the first quarter in which an employer's gross receipts for a calendar quarter in 2020 are less than 50% of its gross receipts for the same calendar quarter in 2019. The significant decline in gross receipts ends with the first calendar quarter that follows the first calendar quarter for which the employer's 2020 gross receipts for the quarter are greater than 80% of its gross receipts for the same calendar quarter during 2019.The credit equals 50% of the qualified wages (including qualified health plan expenses) that an Eligible Employer pays in a calendar quarter. The maximum amount of qualified wages taken into account with respect to each employee for all calendar quarters is \$10,000, so that the maximum credit for qualified wages paid to any employee is \$5,000.The CARES Act does not require employers to pay qualified wages. In addition, Eligible Employers may elect to not claim the credit for the Employee Retention Credit.



Where to get more information:

- Further details can be found on the [IRS website](#).

Overview of Student Loan Payment Changes

The CARES Act makes several changes to student loan repayment parameters. Individuals have the *option* to stop paying student loans through September 30, 2020. No late fees or interest will accrue during this time.

Who is eligible:

Federally Owned Student Loans are eligible.

- This includes loans owned by government agencies, such as Direct Loans.

Private Student Loans and Privately Owned Federal Family Education Loan (FFEL) are NOT eligible.

- While private loans are not eligible for payment breaks at this time, individuals may want to review other options such as Economic Hardship or Unemployment Deferment payment options.

How much:

- There are no financial limitations around loan size or monthly payments in order to stop payments.
- If a borrower continues to pay loan payments through September 30, 2020, the entire payment amount will count toward the borrower's principle.

Key terms or limitations:

- This is NOT a loan forgiveness program. Loan balances will remain constant between now and September 30, 2020.
- No new interest will accrue. The interest rate on all eligible loans is 0% through the period.
- No late penalties will apply.
- No debt collection efforts will be made, whether through wage garnishments or tax refund seizures.
- The Public Service Loan Forgiveness program is not impacted and the Department of Education will treat it as if the borrower made payments throughout the period.

Where to get more information:

- Please contact your lender for specific details.
- Further details can be found on the [Federal Student Aid website](#).

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