The federal government has established several programs to help physician practices offset the financial impact of COVID-19. Many of these programs were enacted into law after significant COVID-19 advocacy from the American Medical Association to the U.S. Congress and the administration as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, the Families First Coronavirus Response Act, the Paycheck Protection Program (PPP), the Health Care Enhancement Act, and the Consolidated Appropriations Act, 2021.

The AMA is issuing this update following enactment of the American Rescue Plan Act of 2021 on March 10, 2021. The AMA's physician practice financial relief guide to programs implemented in 2020 is available here.

The information in this guide is subject to change if and when new laws are enacted and as the federal agencies that oversee these programs continue to issue clarifying guidance. The AMA recommends that physicians and practices consult with their financial advisor or attorney about the information outlined here before taking action regarding matters referenced in this guide.

In addition to the relief mechanisms outlined here, there may be state or municipal financial relief programs, as well as funds established by private entities. See the AMA’s COVID-19 resource center for physicians for additional information related to physician practice operations and response, as well as updated AMA information regarding federal loan programs.
Overview

The Small Business Administration (SBA) oversees two loan programs to address COVID-19-related economic stress, the 7(a) Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) program. The SBA reopened the PPP the week of Jan. 11, 2021. In conjunction with the reopening, the SBA has provided an overview of both the First Draw (PPP1) and the Second Draw (PPP2) programs. The overview clarifies that the First Draw is generally open for those that did not already receive a PPP1 loan, or in certain circumstances, either returned money prior to forgiveness or did not accept the full amount. The original eligibility standards remain the same for a PPP1 loan. New eligibility standards apply for PPP2.

The SBA also made four additional changes to open the PPP to more underserved small businesses than ever before, publishing an interim final rule and new FAQ with this detail on March 3, 2021.

Updated Paycheck Protection Program

Status: Accepting new applications

Eligibility timeframe

The covered period for all PPP loans is extended through May 31, 2021, and applies to loans made before, on or after the date of enactment, including the forgiveness of such loan.

Eligibility

PPP1 loans are for those borrowers who have not received a PPP loan before Aug. 8, 2020. In order to be eligible for the First Draw, entities must be:
- Small entities, that together with their affiliates (if applicable), have 500 or fewer employees—including nonprofits, veterans’ organizations, tribal concerns, self-employed individuals, sole proprietorships and independent contractors
- Entities with more than 500 employees in certain industries that meet SBA’s alternative size standard or SBA’s size standards for those particular industries

PPP2 loans are for eligible small businesses that previously received a PPP1 loan that:
- Will or have already used the full amount only for authorized uses
- Have no more than 300 employees
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020

Ineligible entities include those listed in 13 CFR 120.110 and subsequent regulations, except for those that have been made eligible by statute or guidance. The waiver of affiliation rules that applied under the initial PPP requirements still apply.

Amount of funds available

- For PPP1, the maximum loan amount is $10 million.
- For PPP2, the maximum loan amount is $2 million.

Loan terms

- Maximum PPP1 loan is 2.5x average monthly payroll costs. Businesses that are part of a single corporate group shall in no event receive more than an aggregated $20 million of PPP1 loans.
- Maximum PPP2 loan is 2.5x average monthly payroll costs in the one year prior to the loan or the calendar year, or $2 million.
  - Fees are waived for both borrowers and lenders.
• For loans of not more than $150,000, the borrower may submit a certification attesting that the entity meets the revenue loss requirements on or before the date the entity submits their loan forgiveness application.
  ◦ Nonprofits and veterans’ organizations may utilize gross receipts to calculate their revenue loss standard.
• Gross receipts of a borrower with affiliates are calculated by adding the gross receipts of the business with the gross receipts of each affiliate.
• Smaller borrowers (those with loan amounts under $150,000) may show documentation of gross receipts when they apply for forgiveness. A larger borrower must show documentation at time of application.

**Loan forgiveness**

The stimulus package clarifies forgivable expenses for PPP and tax deductions for PPP expenses; these apply to the PPP1 and PPP2 loans. The package also allows the borrower to elect a covered period ending at the point of the borrower’s choosing between eight and 24 weeks after origination.

The Second Draw creates a simplified application process for loans under $150,000 such that:

• Borrowers will receive forgiveness if they provide a lender with a one-page certification that includes a description of the number of employees the borrower was able to retain because of the covered loan, the estimated total amount of the loan spent on payroll costs and the total loan amount.

Borrowers of a PPP2 loan would be eligible for loan forgiveness equal to the sum of their payroll costs, as well as covered mortgage, rent, and utility payments, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures incurred during the covered period. The 60/40 cost allocation between payroll and non-payroll costs in order to receive full forgiveness continues to apply.

**Use of loan funds**

The stimulus allows for the following expenses to be considered allowable and forgivable uses of PPP funds:

• Employer-provided group insurance benefits, such as group life, disability, vision or dental insurance are to be included in payroll costs
• Payments for software, cloud computing and other human resources and accounting needs
• Costs related to property damage due to public disturbances that occurred during 2020 that are not covered by insurance
• Expenditures to a supplier pursuant to a contract, purchase order or order for goods in effect prior to taking out the loan that are essential to the borrower’s operations at the time at which the expenditure was made
  ◦ Supplier costs of perishable goods can be made before or during the life of the loan.
• Personal protective equipment and adaptive investments to help a borrower comply with COVID-19-related federal, state or local health and safety guidelines during the period between March 1, 2020 and the end of the national emergency declaration

The above expenses are allowed for loans made before, on or after enactment of the act, except in the event that forgiveness has already been obtained.

**Clarification of tax treatment of PPP loans**

• Forgiven PPP loans will not be included in taxable income.
• Deductions are allowed for expenses paid with proceeds of a forgiven PPP loan, effective as of the date of enactment of the CARES Act and applicable to subsequent PPP loans.
• This same tax treatment applies to EIDL grants and certain loans and loan repayment assistance.
Loan increase due to updated regulations

The SBA released guidance to lenders within 17 days of enactment of the act that allows borrowers who returned all or part of their PPP loan to reapply for the maximum applicable, including if calculations have increased due to changes in interim final rules, so long as they have not received forgiveness.

Application

Borrowers can apply for a First and/or Second Draw PPP loan until May 31, 2021, through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, eligible non-bank lender or Farm Credit System institution that is participating in PPP. All new First and Second Draw PPP loans will have the same terms regardless of lender or borrower. A list of participating lenders as well as additional information and full terms can be found here.

- Revised application for First Draw loan: Available here.

Reapplying and loan increases

Existing PPP borrowers that did not receive loan forgiveness by Dec. 27, 2020, may either:

- Reapply for a First Draw PPP loan if they previously returned some or all of their First Draw PPP loan funds.
- Under certain circumstances, request to modify their First Draw PPP loan amount if they previously did not accept the full amount for which they are eligible.

Additional information

The AMA has more discussion of the SBA loans available here.
In response to the COVID-19 pandemic, small business owners and nonprofit organizations in all U.S. states, Washington D.C. and territories can apply for an Economic Injury Disaster Loan (EIDL). The EIDL program is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue due to COVID-19.

**Eligibility timeframe**
- Businesses currently in operation through Dec. 31, 2021.

**Eligibility**
- Businesses that employ 500 employees or fewer are eligible.
- In determining whether you have less than 500 employees, you must aggregate with any affiliates.
- Affiliation is a fact-specific question, but generally the SBA will find affiliation in the following circumstances. Detailed information regarding affiliation is available [here](#).
  - A business is an affiliate of an individual, concern or entity that owns or has the power to control more than 50% of the concern's voting equity.
  - Affiliation arises where the CEO or president of the applicant concern (or other officers, managing members or partners who control the management of the concern) also controls the management of one or more other concerns.
  - Affiliation also arises where a single individual, concern or entity controls the management of the applicant concern through a management agreement.

**Amount of funds available**
- Six months of working capital

**Loan increases**
- Loans approved prior to April 7, 2021, for less than $500,000 are likely eligible for an increase based on new loan maximum amounts announced March 24, 2021. Businesses that received a loan subject to the previous loan limit can submit a request for an increase at this time. The SBA is now reaching out directly to loan borrowers via email to provide more details about how businesses can request an increase. Borrowers should expect to receive emails from @sba.gov or @updates.sba.gov addresses.
  - Borrowers who experience problems sending an email using the link in the message they received must be sure to remove any additional characters that may appear in front of the email address.
  - If an applicant accepted a loan for less than the full amount originally offered, the applicant will have up to two years after the date of the loan promissory note to request additional funds. Applicants may continue to request additional funds even after the application deadline of Dec. 31, 2021.

**Repayment terms**
- Thirty-year maturity beginning on origination with 3.75% interest (fixed) for businesses and 2.75% (fixed) for nonprofits
- No pre-payment penalty or fees

**Loan forgiveness**
- EIDL loans are not forgivable.

**Payment deferment**
- First payment is deferred one year; interest still accrues
  - Borrower may make payments if they choose to do so.
Economic Injury Disaster Loan (Continued)

- Set up online payments through Pay.gov OR mail payments to:
  U.S. Small Business Administration
  721 19th Street
  Denver, CO 80202
  Be sure to include EIDL loan number on mailed-in checks.

Use of loan funds
- Working capital and normal operating expenses
  - For example, continuation of health care benefits, rent, utilities and fixed debt payments

Application
Apply online here. Applicants must respond to the following questions:
- In the past year, has the business or a listed owner been convicted of a criminal offense committed during and in connection with a riot or civil disorder or other declared disaster, or ever been engaged in the production or distribution of any product or service that has been determined to be obscene by a court of competent jurisdiction?
- Is the applicant or any listed owner currently suspended or debarred from contracting with the federal government or receiving federal grants or loans?
- Are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction?
- Have you been arrested in the past six months for any criminal offense?
- For any criminal offense—other than a minor vehicle violation—have you ever been convicted, plead guilty, plead nolo contendere, been placed on pretrial diversion, or been placed on any form of parole or probation (including probation before judgment)?

Certification
- The information provided in the application and the information provided in all supporting documents and forms is true and accurate in all material respects.

Additional information
Repeal of EIDL Advance Deduction: This repeals section 1110(e)(6) of the CARES Act, which requires PPP borrowers to deduct the amount of their EIDL Advance from their PPP forgiveness amount. It establishes the sense of Congress that EIDL Advance borrowers should be made whole without regard to whether those borrowers are eligible for PPP forgiveness. It requires that the administrator shall issue rules that ensure borrowers are made whole if they received forgiveness and their EIDL was deducted from that amount.

Duplication requirements for Economic Injury Disaster Loan recipients: Permits certain EIDL borrowers to also apply for a PPP loan.

Targeted EIDL Advance: COVID-19 Targeted EIDL Advance was signed into law on Dec. 27, 2020, as part of the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act. The Targeted EIDL Advance provides businesses in low-income communities with additional funds to ensure small business continuity, adaptation, and resiliency. FAQs are available here.
- Applicants do not need to take any action. SBA is reaching out to those who qualify. All communication from SBA will be sent from an official government email account ending with @sba.gov. Please do not send sensitive information via email to any address that does not end with @sba.gov.
- Advance funds of up to $10,000 will be available to applicants in low-income communities who previously received an EIDL Advance for less than $10,000, or those who applied but received no funds due to lack of available program funding.
- Applicants may qualify if they are in a low-income community or can demonstrate more than 30% reduction in revenue during an eight-week period beginning on March 2, 2020, or later.

The AMA has more information about the CARES Act and the SBA loan programs available here.
Status: No current funding opportunities for General or Targeted distribution

Overview

On Dec. 27, 2020, the Consolidated Appropriations Act, 2021 was signed into law, a comprehensive omnibus spending package that funds the federal government through FY 2021 and provides a new round of COVID-19 relief and economic stimulus.

Included in this package, Congress appropriated another $3 billion to the Public Health and Social Services Emergency Fund (commonly referred to as “Provider Relief Fund”) to reimburse physicians and other health care providers for increased expenses and lost revenues due to the COVID-19 pandemic. Additional information is available online at the Department of Health and Human Services (HHS) Provider Relief Fund website.

Use of funds

Provider Relief Fund payments may be used to cover lost revenue attributable to COVID-19 or health-related expenses purchased to prevent, prepare for and respond to COVID-19, including but not limited to:

- Supplies
- Equipment
- Workforce training
- Reporting COVID-19 test results to federal, state or local governments
- Building or constructing temporary structures for COVID-19 patient care or non-COVID-19 patients in a separate area
- Acquiring additional resources, including facilities, supplies or staffing to expand or preserve care delivery
- Developing and staffing emergency operation centers

Certification

Recipients who receive Provider Relief Fund payments must accept or reject funds within 90 days through the Provider Relief Fund Application and Attestation Portal. Not actively attesting within 90 days will be viewed as acceptance.

- To accept payment, the recipient must agree to the terms and conditions of the payment.
- To reject payment, the recipient must return funds to HHS within 15 calendar days of the attestation.

Requirements from the Provider Relief Fund terms and conditions include (not exhaustive):

- To be eligible, provider must have provided diagnosis, testing or care for actual or possible COVID-19 patients on or after Jan. 31, 2020. (Note: HHS broadly views every patient as a possible case of COVID-19 for purposes of eligibility.)
- Payment will be used to prevent, prepare for and respond to COVID-19, and reimburse health care-related expenses or lost revenues attributable to COVID-19.
- Payment will not be used for expenses or losses that have been or will be reimbursed from other sources.
- Recipient consents to public disclosure of payment.

For information about how to accept the funds, see the Attestation FAQs, the Terms and Conditions FAQs, and review the Terms and Conditions.

For information about how to reject the funds, read the Rejecting Payments FAQs.
Reporting and use of funds

Physician practices that received Provider Relief Fund (PRF) payments exceeding $10,000 in the aggregate during a Payment Received Period must register in the PRF Reporting Portal. For example, a practice that received more than $10,000 prior to June 30, 2020, must register and report on their use of the relief funds. The portal is currently only open for registration, not reporting. The portal opens for the initial reporting period on July 1, 2021. The PRF Portal registration takes about 20 minutes to complete; all information must be entered in one session. It is not possible to save and later update the registration. Information required to register includes:

- Tax ID Number (TIN) (or other number submitted during the application process (e.g., Social Security Number, Employer Identification Number (EIN))
- Business name (as it appears on a W-9) of the reporting entity
- Contact information (name, phone number, email) of the person responsible for submitting the report
- Address (street, city, state, five-digit ZIP code) of the reporting entity (as it appears on a W-9)
- TIN(s) of subsidiaries (if a provider is reporting on behalf of subsidiary(ies)
  - In a list delimited by commas (e.g., 123456789, 987654321, 135791357)
- Payment information (for any of the payments received)
  - TIN of entity that received the payment
  - Payment amount
  - Mode of payment (check or direct deposit ACH)
  - Check number or ACH settlement date

Additionally, HHS has issued a new Provider Relief Fund requirements document consistent with the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, which expands the amount of time providers will have to report information, aims to reduce burdens on smaller providers, and extends key deadlines for expending PRF payments for recipients who received payments after June 30, 2020. This notice issued on June 11, 2021, supersedes the Post-Payment Notice of Reporting Requirements released on Jan. 15, 2021. Key updates include:

- The period of availability of funds is based on the date the payment is received (rather than requiring all payments be used by June 30, 2021, regardless of when they were received). For example, relief funds received between July 1, 2020, and Dec. 31, 2020, may be spent through Dec. 31, 2021, on qualifying COVID-19 related expenses and to cover lost revenue.
  - Note: If a provider received a PPP loan that was not forgiven, PRF funds may be used toward the repayment.
- Recipients are required to report for each Payment Received Period in which they received one or more payments exceeding, in the aggregate, $10,000 (rather than $10,000 cumulatively across all PRF payments).
- Recipients will have a 90-day period to complete reporting (rather than a 30-day reporting period).
- The reporting requirements are now applicable to recipients of the Skilled Nursing Facility and Nursing Home Infection Control Distribution in addition to General and other Targeted Distributions.
- The PRF Reporting Portal will open for providers to start submitting information on July 1, 2021

Summary of reporting requirements

<table>
<thead>
<tr>
<th>Payment Received Period (payments exceeding $10,000 in aggregate received)</th>
<th>Deadline to use funds</th>
<th>Reporting time period</th>
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Find more information on the reporting requirements and auditing of the Provider Relief Fund here.
Medicare Accelerated and Advance Payment Program

This section updated April 14, 2021

On Dec. 27, 2020, the Consolidated Appropriations Act, 2021 was signed into law. It is a comprehensive omnibus spending package that funds the federal government through FY 2021 and provides a new round of COVID-19 relief and economic stimulus.

Included in this package is the announcement that the Medicare Accelerated and Advance Payments Program is continued. Repayment terms for physicians who received an accelerated or advance payment were amended Oct. 8, 2020.

Repayment and reconciliation

On Apr. 1, 2021, CMS announced that it had begun automatic recoupment of COVID-19 Accelerated and Advance Payments, an advance of up to three months of Medicare payments to help physician practices keep the lights on early in the COVID-19 pandemic. The AMA is very interested in hearing from physicians about your experience repaying the Medicare advance payments, as it may vary depending on your carrier whether you are able to check your balance and request an extended repayment option due to ongoing hardships. Please share your feedback via AMA.Advocacy@ama-assn.org.

A provider or supplier may repay their accelerated or advance payment at any time by contacting their Medicare Administrative Contractor (MAC). If such payment is repaid in full, the repayment terms below will not apply.

If any balance remains as to an accelerated or advance payment, pursuant to the Continuing Appropriations Act, 2021 and Other Extensions Act, repayment terms are as follows:

- Repayment does not begin for one year starting from the date the accelerated or advance payment was issued.
- Beginning at one year from the date the payment was issued and continuing for eleven (11) months, Medicare payments owed to providers and suppliers will be recouped at a rate of 25%.
- After the eleven (11) months end, Medicare payments owed to providers and suppliers will be recouped at a rate of 50% for another six (6) months.
- After the six (6) months end, a letter for any remaining balance of the accelerated or advance payment(s) will be issued.
- Periodic interim payments (PIP) providers: The timeline for repayments is the same for PIP and non-PIP providers. The recoupment process from bi-weekly PIP payments will begin after twelve (12) months from the date the provider received their accelerated payment. Repayment will comport with the timeline described immediately above. Accelerated payments will not be included in the reconciliation and settlement of final cost reports.
- Letter requiring reimbursement: If a letter requiring reimbursement is issued, providers and suppliers will have 30 days from the date of the letter to repay the balance in full. If payment is not received within 30 days, interest will accrue at the rate of 4% from the date the letter was issued and will be assessed for each full 30-day period that the balance remains unpaid. Information related to Extended Repayment Schedules (ERS) will be included in these letters. The Centers for Medicare & Medicaid Services (CMS) may immediately issue these letters to providers and suppliers who received accelerated or advance payments in error.
- Provider and supplier assistance: For questions related to the Accelerated and Advance Payment Program, CMS has established COVID-19 hotlines at each MAC that are operational Monday–Friday to assist you with accelerated or advance payment concerns. You can contact the MAC that services your geographic area. To locate your designated MAC, visit this link.
Repayment and reconciliation terminology

- **Extended Repayment Schedule (ERS)** is a statutorily authorized debt installment payment schedule, which allows a provider or supplier experiencing financial hardship to pay debts over the course of three years. This can be extended to as many as five years, where certain extreme hardship criteria are met. Providers and suppliers are able to request ERSs after demand letters are issued. Providers and suppliers should contact their MAC for information on how to request an ERS.

- **Periodic interim payment** is a method of payment used for certain services furnished in hospitals or by skilled nursing facilities under which providers receive reimbursement for health care services rendered to beneficiaries in lump sum bi-weekly (unless the provider requests a longer fixed interval) payments. For more information, please refer to 42 CFR 413.64(h).

- **Recoupment** means the recovery by Medicare of any outstanding Medicare debt by reducing present or future Medicare payments and applying the amount withheld to the indebtedness (42 CFR 405.370). For the purposes of recovering accelerated and advance payments, recoupment means the recovery by Medicare of any outstanding Medicare accelerated and advance payment loans by reducing present or future Medicare payments and applying the amount withheld to the outstanding loan balance.

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