

AMERICAN MEDICAL ASSOCIATION HOUSE OF DELEGATES

Resolution: 238
(A-22)

Introduced by: Texas

Subject: COVID-19 Economic Injury Disaster Loan (EIDL) Forgiveness for Physician Groups of Five or Fewer Physicians

Referred to: Reference Committee B

1 Whereas, During the initial phases of the COVID-19 pandemic, many physician practices relied
2 on the Economic Injury Disaster Loan (EIDL) federal small business loan program; and
3

4 Whereas, EIDL supports recovery from the COVID-19 disaster's economic impacts by providing
5 accessible and borrower-friendly capital; and
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7 Whereas, The EIDL has a loan term of 30 years at 3.75% fixed interest rate for for-profits and
8 2.75% fixed interest rate for nonprofits; and
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10 Whereas, The Small Business Administration (SBA) is taking real estate as collateral for loans
11 more than \$500,000, and personal guarantee for loans more than \$200,000; and
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13 Whereas, Two forms of EIDL loans, those fully forgiven and those with low interest rates, are
14 available; and
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16 Whereas, More than half the money from the U.S. Department of the Treasury's Coronavirus
17 Relief Fund for small businesses went to only 5% of recipients, according to data on more than
18 5 million loans issued via the Payroll Protection Program, and only 28% of the money was
19 distributed in amounts of less than \$150,000; and
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21 Whereas, Payroll costs for health care employees have risen exponentially since the pandemic
22 began (and continue to rise); and
23

24 Whereas, No increase in Medicare, Medicaid, or commercial insurance fee schedules has
25 occurred despite this hardship; and
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27 Whereas, Given this inequity of available government assistance, many small businesses either
28 failed, took out non-forgiven loans to remain open, increased their workload, or underwent other
29 hardships to stay in operation; and
30

31 Whereas, Small businesses that successfully maximized their productivity and intentionally
32 reduced operating costs (through actions that cannot be maintained long-term, such as
33 postponing staff training and delaying equipment upgrades) were unfairly penalized by
34 government assistance programs and denied the same level of relief afforded to large
35 businesses that did not reduce their expenditures and were therefore able to demonstrate
36 financial losses; therefore be it

- 1 RESOLVED, That our American Medical Association advocate for Economic Injury Disaster
- 2 Loan (EIDL) forgiveness for physician groups of five or fewer physicians for loans of less than
- 3 \$150,000 granted by the Small Business Administration by whatever mechanism is available,
- 4 with no stipulations based on productivity or profit/loss reports to receive this forgiveness.
- 5 (Directive to Take Action)

Fiscal Note: Not yet determined

Received: 05/09/22

References:

1. O'Connell J, Van Dam A, Gregg A, Fowers A. More than half of emergency small-business funds went to larger businesses, new data shows. www.washingtonpost.com/business/2020/12/01/ppp-sba-data. *The Washington Post*. Published Dec. 2, 2020. Accessed Dec. 14, 2021.

DRAFT