

PHASE III Stimulus Relief – Key Physician Provisions

This information provided as a courtesy to ASCRS members.

Medicare Sequester Relief

- The CARES Act temporarily suspends the Medicare sequester, which reduces payments to providers by 2 percent, from May 1 through December 31, 2020.
- The Medicare sequester would be extended by one year beyond current law to provide immediate relief without worsening Medicare’s long-term financial outlook.

Small Business Relief

7(a) Small Business Administration (SBA) “Loans”

7(a) program offers “loan” amounts or eligible small businesses within the U.S. and its territories. While the initial loans were more focused on traditional business development, the Phase III CARES Act legislation modifies the program in several important ways that impact physician practices, including:

- Provides a process for loan forgiveness for certain payroll costs as well as mortgage, rent, and utility obligations. Section 1106 details the process by which first an entity receives a loan, and then how an entity can apply for loan forgiveness for certain business expenses, with certain restrictions related to any reduction in the number of employees. Once the SBA has confirmed those amounts and other necessary information, then within 90 days, the SBA pays the lender confirmed business expense amount or the amount of the loan, whichever is less.
- Clarifies that the eligibility would be for 500 employees or fewer at each business location, unless the covered industry’s SBA size standard allows more than 500 employees.
- Expands allowable uses of loans to include payroll support, such as paid sick or medical leave, employee salaries, mortgage payments, and any other debt obligations.
- Increases the maximum loan amount up to \$10 million.
- For six months, SBA is required to pay all principal, interest and fees on all existing SBA loan products including 7(a), Community Advantage, 504, and Microloan programs for six months.
- **The bill requires that SBA enact these programs with regulations no later than 15 days after the Act was signed into law.**

Loan Forgiveness for Small Business to Keep Employees

Section 1102 of the bill creates the “paycheck protection program” for small employers, self-employed individuals, and “gig economy” workers, with \$350 billion to help prevent workers from losing their jobs and small businesses from closing their doors.

- Provides eight (8) weeks of cash-flow assistance through 100 percent federally guaranteed loans to small employers who maintain their payroll during this emergency.
- If the employer maintains payroll, the portion of the loans used for covered payroll costs, interest on mortgage obligations, rent, and utilities would be forgiven.
(This proposal will be retroactive to February 15, 2020, to help bring workers who may have already been laid off back onto payrolls.)

Public Health and Social Services Emergency Fund

Division B of the CARES Act includes key language for a \$100 billion fund for health care services related to the COVID-19 Pandemic. Specifically, the funds are to prevent, prepare for, and respond to coronavirus, domestically or internationally, for necessary expenses to reimburse, through grants or other mechanisms, eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus. *The funds may not be used to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.*

Definition of “eligible health care providers”- public entities, Medicare or Medicaid enrolled suppliers and providers, for-profit entities and not-for-profit entities not otherwise described in this provision as the Secretary may specify, within the United States (including territories), that provide diagnoses, testing, or care for individuals with possible or actual cases of COVID-19.

Telehealth

- Appropriates \$185 million through Health Resources and Services Administration (HRSA) to support rural critical access hospitals, rural tribal health and telehealth programs. Medicare would reimburse for these services at a composite rate similar to payment provided for comparable telehealth services under the Medicare Physician Fee Schedule.
- Eliminates the requirement in Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 (Public Law 116-123) that limits the COVID-19 Medicare telehealth expansion authority during the COVID-19 emergency to situations where the physician or other professional has treated the patient in the past three years. This would enable beneficiaries to access telehealth, including in their home, from a broader range of providers, reducing COVID-19 exposure.
- Reauthorizes HRSA grant programs that promote the use of telehealth technologies for health care delivery, education, and health information services.
- Increasing Medicare telehealth flexibilities during emergency period. Allows the Secretary to waive the requirements under section 1834(m).
- HSAs will now be able to provide coverage pre-deductible for telehealth services.
- Includes a safe harbor for high deductible health plans that begin on or before Dec. 31, 2021, that provide pre-deductible coverage for telehealth and other remote care services.
- As determined by the HHS Secretary, during the emergency period, a physician or nurse practitioner may conduct a face-to-face encounter via telehealth.
- Allows patients to see doctors with whom they don't already have an established relationship.

Business Tax Provisions

- Provides refundable payroll tax credits of up to \$5,000 for each employee available to eligible employers that have seen at least 50% reduction in revenue in the first quarter of 2020 compared to the first quarter of 2019, among other qualifying conditions. Available to small businesses, Section 501(c)(3)s and Section 501(c)(6)s, and others.
- Employers would be able to delay the payment of their 2020 payroll taxes for two years.
- Allows businesses to carry back losses from 2018, 2019, and 2020 to the previous 5 years, which will allow businesses access to immediate tax refunds.
- Fixes cost recovery for investments in Qualified Improvement Properties, which will allow businesses that made these investments in 2018 and 2019 to receive tax refunds immediately.
- Temporarily increases the amount of interest expenses businesses can deduct from the current 30 percent limitation to 50 percent.
- Enables businesses to immediately write off the costs of qualified improvement property.

Labor Provisions

- Adds a \$600/week across-the-board payment increase through the end of July. In addition, for those who will need it, the bill provides an additional 13 weeks of benefits beyond what states typically allow.
- The expansion in unemployment benefits expires at the end of 2020.
- Creates a limitation stating an employer shall not be required to pay more than \$200 per day and \$10,000 in the aggregate for each employee.
- Creates a limitation stating an employer shall not be required to pay more than \$511 per day and \$5,110 in the aggregate for sick leave or more than \$200 per day and \$2,000 in the aggregate to care for a quarantined individual or child for each employee. Provides that applications for unemployment compensation and assistance with the application process, to the extent practicable, be accessible in two ways: in person, by phone, or online.
- Allows an employee who was laid off by an employer March 1, 2020, or later to have access to paid family and medical leave in certain instances if they are rehired by the employer. Employee would have had to work for the employer at least 30 days prior to being laid off.
- Allows employers to receive an advance tax credit from Treasury instead of having to be reimbursed.