



What We Know So Far About The New CARES 3.5 Act

The Senate and House have passed the Paycheck Protection Program Increase Act, and it is on its way to President Trump for signature. The PPP Increase Act has also been labeled “CARES 3.5,” and its very narrow goal is to top off the Paycheck Protection Program (PPP) and to increase funding for other programs established in the CARES Act. When Congress considers its next options, in so-called “Phase 4” economic relief, policymakers will likely revisit some of the tax holes that have popped up in the PPP, specifically tax issues regarding forgiveness, and additional ways to increase the overall funding of the PPP. Phase 4 negotiations will begin when Congress comes back to Washington in early May.

The PPPI Act provides an additional \$310 billion for the PPP Loans, replenishing the program after it ran out of funds earlier this month. Additionally, the legislation increases the Economic Injury Disaster Loan (EIDL) grants by \$60 billion and provides \$75 billion in aid to hospitals and \$25 billion for coronavirus testing.

The new bill seeks to correct the way that big banks had crowded out small lenders, and large corporations were able to steal millions of dollars from needy small businesses. The increase in funding for PPP Loans will help the vast majority of small businesses that sought but failed to secure relief from the original \$349 billion in loans. While this support will help more small businesses, even this additional funding will not be enough to match small business demand.

So What's New?

The SBA will receive an additional \$310 billion of desperately needed cash for small businesses, \$30 billion of which will be set aside for lending by insured depository institutions and state and federal credit unions, and another \$30 billion will be set aside for lending by community financial institutions and SBA-certified development companies. With this round of funding, Congress sought to fix at least one problem by setting aside \$60 billion of PPP funding for community-based and small lenders who serve minority-owned and women-owned small businesses.

Funding for EIDLs – \$10 billion – quickly ran out. So the new bill provides an additional \$10 billion for them, plus \$50 billion more for loans. That's \$60 million for Economic Injury Disaster Loans.

The new bill allocates \$75 billion to the Public Health and Social Services Emergency Fund for hospitals and other health care providers, Medicare- and Medicaid-enrolled suppliers and providers, and certain not-for-profit entities to prevent, prepare for and treat Coronavirus. The bill allocates another \$25 billion as startup funds for a national COVID-19 testing program, contact tracing and more.

Finally, the bill requires that the White House create a national strategic plan to increase testing capacity. It was actually this last provision that was one of the last sticking points during negotiations. The administration has 30 days after the enactment of the bill to issue its plan.

The bottom line is, another, much larger stimulus package is likely needed to ease the financial strain that many medical practitioners and healthcare companies are experiencing as a result of the Coronavirus pandemic.

What Does This Mean For Physicians?

- If your bank already submitted your paperwork before the SBA PPP ran out of money last week, your chances of getting a loan approved have just increased.
- We urge new applicants to get the checklist from their bank ASAP to begin putting their loan application package together. Info on how to compute payroll costs is here: <https://www.fuoco.com/component/content/article/558-how-to-compute-payroll-costs-for-ppp-loans>
- If you have questions about PPP Loan forgiveness, answers are here: <https://www.fuoco.com/component/content/article/566-ppp-loan-forgiveness-guide>

- There are many relief programs available to physicians through the HHS. Find them here: <https://www.hhs.gov/about/news/2020/04/22/hhs-announces-additional-allocations-of-cares-act-provider-relief-fund.html>
- Besides PPP loans and EIDL grants, and help through the HHS, there are many tax changes intended to help providers weather crisis, including an Employee Retention Tax Credit and Employer Payroll Tax Delay. Also, thanks to the CARES Act, you may be able to take advantage of the Increased Business Interest Limit, Alternative Minimum Tax (AMT) Credit and the Net Operating Losses (NOL) Credit. Contact Paul Wieseneck, CPA, with questions at 561-762-5692 or pwieseneck@fuoco.com. More information can be found on the Fuoco Group's Coronavirus Resources page: <https://www.fuoco.com/component/content/article/540-coronavirus-updates>