

NCPA Member Summary of COVID-19 Relief Package

On December 21st, 2020, Congress passed the *Consolidated Appropriations Act of 2021*, which includes \$2.3T in money for federal programs for the rest of the fiscal year along with COVID-19 provisions. The legislation provides direct payments for taxpayers and relief for businesses. Continue reading for a high-level summary of relevant provisions for small business community and long-term care pharmacists contained in the COVID-19 relief package. **Before applying to any federal program for which you might be eligible, please be sure to consult with your legal counsel and/or tax advisors.**

Highlights

- **Second Paycheck Protection Program (PPP) loan:** small businesses with 300 or fewer employees and who have sustained a 25-percent revenue loss in any quarter of 2020 are eligible for a second forgivable PPP loan.
- **Expansion of PPP forgiveness:** PPP forgivable expenses expanded to include covered operations (software, cloud computing, and other human resources and accounting needs); property damage costs due to public disturbances that occurred during 2020 that are not covered by insurance; covered supplier costs; and covered worker protection expenditures (PPE).
- **Deduction for expenses that result in PPP loan forgiveness:** expenses paid for with the proceeds of PPP loans would be tax deductible even though PPP forgiveness is already not taxable income.
- **Simplified loan forgiveness process:** the PPP loan forgiveness process would be simplified for borrowers with loans of \$150,000 or less.
- **Increased funds for certain loan programs:** additional funding for Small Business Administration loan products.
- **Provider Relief Fund (PRF):** the package allocates an additional \$3 billion to the PRF.
- **Extension and expansion of the Employee Retention Tax Credit:** The bill increases the refundable payroll tax credit from a maximum of \$5,000 to \$14,000 by changing the calculation from 50 percent of wages paid up to \$10,000 to 70 percent of wages paid up to \$10,000 for any quarter through July 1, 2021. At least a 20 percent decline in gross revenue must be shown to be eligible. The bill clarifies that businesses will now be able to take the Employee Retention Tax Credit and participate in the PPP.

Small Business Support

The legislation would provide \$284.5 billion to the Paycheck Protection Program (PPP), the forgivable loan program launched by the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* and extended once already. Small businesses with 300 or fewer employees who have sustained a 25 percent revenue loss in any quarter of 2020 would be eligible for a second forgivable PPP loan. The bill expands forgivable expenses to include supplier costs and investments, facility modifications, property damage costs due to public disturbances that occurred during 2020 that are not covered by insurance, and personal protective equipment (PPE) to operate safely.¹

¹ All borrowers are eligible for the expansion of PPP except for borrowers who have already had their loans forgiven.

Additionally, the bill allows business expenses paid for with proceeds of PPP loans to be tax deductible. Under current law, income that is excluded from taxable income cannot also have associated expense payments deducted from taxable income to prevent a double benefit. Policymakers in Congress have argued that it was Congress' intent to provide for both benefits, and this provision would clarify that status of PPP expense deductions, which have been disallowed by the Internal Revenue Service (IRS) in related administrative guidance. Lastly, the bill simplifies the PPP loan forgiveness process for borrowers with PPP loans of \$150,000 or less.

The legislation provides \$20 billion for the Small Business Administration (SBA) Economic Injury Disaster Loan (EIDL) advance grant program which provides up to \$10,000 for businesses that continue to remain severely impacted by the ongoing pandemic. The bill also extends Section 1112 of the *CARES Act*, which provides payment of principal, interest, and associated fees on qualifying SBA 7(a), 504, and microloans, and increases guarantees on SBA 7(a) loans and reduces fees on 7(a) and 504 loans.

Please visit the SBA's [EIDL website](#) to see if your small business would qualify and to apply for the advance loan. Existing 7(a) loans should already be in repayment status on behalf of SBA, if you believe your qualifying 7(a) loan should be covered, please visit the [SBA guidance](#) on Section 1112.

Provider Relief Fund

The legislation would allocate an additional \$3 billion to the Provider Relief Fund (PRF). This funding is available to prevent, prepare for, and respond to COVID-19 by reimbursing providers for healthcare-related expenses or lost revenues attributable to COVID-19. Pharmacists continue to be eligible to apply for and receive Provider Relief Fund payments. However, note that HHS has clarified in its FAQ document that prescription drug sales and the sale of durable medical equipment should not be included when reporting gross sales or program service revenue when applying for the Provider Relief Fund. Patient care revenues do include savings obtained by providers through enrollment in the 340B Program. Additionally, \$22.945B is available to HHS for the purchase, distribution of vaccines along with ancillary supplies and an additional \$22.4B for COVID-19 testing and tracing. Language is included directing 85% of unobligated balances or funds recovered to be for future distributions based on applications that consider financial losses and changes in operating expenses occurring in the third or fourth quarter of calendar year 2020, or the first quarter of calendar year 2021. Additionally, the legislation directs HHS to clarify reporting guidelines, including calculating lost revenue.

PRF Eligibility

- All providers that received Medicare FFS reimbursements in 2019 are eligible.
- As a condition to receiving these funds, providers must agree not to seek collection of out-of-pocket payments from a COVID-19 patient that are greater than what the patient would have otherwise been required to pay if the care had been provided by an in-network provider.
- Providers that have ceased operation as a result of the COVID-19 pandemic are still eligible to receive funds as long as diagnoses, testing, or care was provided for individuals with possible or actual cases of COVID-19. Care does not have to be specific to treating COVID-19; HHS broadly views every patient as a possible case of COVID-19.

Please visit the continuously updated [NCPA PRF Member Summary](#) and the HHS [PRF Portal](#) for the most up to date information on the PRF.