

## Paycheck Protection Program and Health Care Enhancement Act Signed into Law April 24, 2020

### Overview

On April 24, 2020, President Donald Trump signed the Paycheck Protection Program and Health Care Enhancement Act into law. The measure is an emergency response to replenish two critical small-business loan programs: the Paycheck Protection Program and the Economic Injury Disaster Loan. It provides additional funding to healthcare providers, as well as funds for COVID-19 testing.

Through the March 2020 CARES Act, both funds were made available to small-business owners in early April 2020. The small-business demand for both resources quickly outpaced funding for both programs, prompting Congress to pass the Paycheck Protection Increase Act of 2020.

These funds are intended to provide relief to small businesses and self-employed individuals affected by COVID-19 and may be applicable to acupuncturists.

### Paycheck Protection Program

The Paycheck Protection Increase Act adds \$310 billion for the Paycheck Protection Program (PPP), which designates some of this funding according to business size. The PPP is a first-come, first-serve loan program intended to help employers with fewer than 500 employees maintain their payrolls for eight weeks. These loans are eligible for forgiveness if the recipient uses at least 75 percent of the funds for payroll maintenance (see table below for more information). Employers apply through a bank/credit union where they have an established business relationship. Read more about the [Small Business Administration Paycheck Protection Program](#).

PPP Funding Designations: \$310 Total

- \$250 billion general PPP fund
- \$30 billion for lenders with assets less than \$10 billion
- \$30 billion for lenders with assets between \$10-\$50 billion

Additional PPP Resources

<a href="#">Paycheck Protection Program Overview</a>	<a href="#">Paycheck Protection Program Lender Directory</a>
<a href="#">Paycheck Protection Program Fact Sheet</a>	<a href="#">Treasury Dept. COVID-19 Resources</a>
<a href="#">Paycheck Protection Program Application</a>	<a href="#">SBA Local Resources</a>

### Economic Injury Disaster Loan Program

In March, the CARES Act expanded eligibility for the Economic Injury Disaster Loan (EIDL), an existing small business relief fund, to include small business owners affected by the COVID-19 emergency. The EIDL includes two funding pathways: a forgivable EIDL advance to cover emergency business costs, and a traditional loan to help employers with payroll, accounts payable, and overhead costs during the COVID-19 emergency. Like the PPP, the EIDL is a first-come, first served, fund available to small businesses with fewer than 500 employees. Employers apply for these funds directly through the [Small Business Administration's EIDL page](#).

#### EIDL Funding Designations

- \$10 billion for EIDL Advance grants
- \$50 billion for EIDL loans
- \$2.1 billion for SBA administrative expenses

### Healthcare and COVID-19 Test Funding

The Paycheck Protection Program Increase Act also designates \$100 billion to healthcare providers as well as to the federal and state COVID-19 testing efforts.

- \$75 billion reimbursement to hospitals and providers reimbursement to support COVID-19 related expenses and lost revenue.
- \$25 billion for COVID-19 testing
  - \$11 billion earmarked for state testing efforts
  - \$1 billion rest will go to the Centers for Disease Control and Prevention for surveillance, epidemiology, lab expansion, contact tracing, public-health data surveillance, and analytics infrastructure modernization.
  - \$1.8 billion to the National Institutes of Health to develop, validate, and implement, and improve testing and testing technologies, and research.
  - \$1 billion for Biomedical Advanced Research and Development Authority for researching, developing, manufacturing, producing, and purchasing COVID-19 diagnostic and serology tests.
  - \$22 million for Food and Drug Administration diagnostic, serological, antigen, and other COVID-19-related testing.
  - \$825 million for Community Health Centers and rural health clinics.
  - Up to \$1 billion for covering COVID-19 tests for the uninsured.

**Personal Paycheck Program & Economic Injury Disaster Loan Comparison**  
*This information is for informational purposes only; please consult your accountant and lenders for more information on options that are best for you.*

	<u>Paycheck Protection Program</u>	<u>Economic Injury Disaster Loan</u>
<u>Lender</u>	Commercial banks, credit unions, other approved lenders	Small Business Administration
<u>Program Duration</u>	Through June 2020	2020
<u>Loan Amount</u>	<ul style="list-style-type: none"> <li>• \$10m max</li> <li>• 2.5x avg. monthly payroll</li> </ul>	<ul style="list-style-type: none"> <li>• \$2m max</li> <li>• Advance grant: \$10k</li> </ul>
<u>Eligibility</u>	<ul style="list-style-type: none"> <li>• Fewer than 500 employees</li> <li>• Sole proprietor</li> <li>• Independent contractor</li> <li>• Self-employed</li> <li>• Meets SBA industry standards</li> <li>• Operational on Feb. 15, 2020</li> </ul>	<ul style="list-style-type: none"> <li>• Fewer than 500 employees</li> <li>• Sole proprietor</li> <li>• Independent contractor</li> <li>• Self-employed</li> <li>• Operational on Jan. 31, 2020</li> </ul>
<u>Eligible Expenses</u>	<ul style="list-style-type: none"> <li>• Payroll/benefits</li> <li>• Mortgage interest (pre-Feb.15)</li> <li>• Rent/lease (pre-Feb.15)</li> <li>• Utilities for services pre-Feb. 15</li> </ul>	<ul style="list-style-type: none"> <li>• Payroll/benefits</li> <li>• Mortgage/rent/lease</li> <li>• Accounts payable</li> <li>• Overhead</li> </ul>
<u>Forgiveness</u>	<ul style="list-style-type: none"> <li>• Forgiven if toward payroll, mortgage/rent, utilities</li> <li>• 75% must be payroll/8 weeks</li> </ul>	<ul style="list-style-type: none"> <li>• Advance \$1-10k: Forgiven if used properly</li> <li>• Traditional EIDL: No forgiveness option</li> </ul>
<u>Loan Duration</u>	<ul style="list-style-type: none"> <li>• Up to 2 years</li> </ul>	<ul style="list-style-type: none"> <li>• Up to 30 years</li> </ul>
<u>Repayment Period</u>	<ul style="list-style-type: none"> <li>• 2 years</li> <li>• Deferred 6 months</li> </ul>	<ul style="list-style-type: none"> <li>• 10 years</li> <li>• Deferred 1 year</li> </ul>
<u>Interest</u>	<ul style="list-style-type: none"> <li>• All borrowers: 1%</li> </ul>	<ul style="list-style-type: none"> <li>• Businesses: 3.75%</li> <li>• Non Profits: 2.75%</li> </ul>
<u>Personal Guarantee</u>	<ul style="list-style-type: none"> <li>• No</li> </ul>	<ul style="list-style-type: none"> <li>• For loans over \$200k</li> </ul>
<u>Collateral Requirement</u>	<ul style="list-style-type: none"> <li>• No</li> </ul>	<ul style="list-style-type: none"> <li>• For loans over \$25k</li> </ul>
<u>Credit Requirements</u>	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• Business credit report</li> <li>• Personal credit check with 20% ownership</li> </ul>
<u>Availability</u>	<ul style="list-style-type: none"> <li>• Businesses &amp; Sole Proprietors: Apr. 3, 2020</li> <li>• Independent Contractors &amp; Self-Employed: Apr. 10, 2020</li> </ul>	<ul style="list-style-type: none"> <li>• Now (existing program)</li> </ul>
<u>Application</u>	PPP Application	EIDL Application

