



COVID-19 GRANTS, LOANS & ADVANCE FUNDING OPPORTUNITIES FOR NOT-FOR-PROFIT PROVIDERS (Version 04.14.20)

Recent federal legislation has provided some additional or accelerated funding that can be accessed by not-for-profit (NFP) service providers impacted by COVID-19. This funding takes the form of provider relief grants, advance Medicare payments, FEMA grants and potentially forgivable small business loans available now. While the small business opportunities are generally for organizations with 500 or fewer workers, there are certain nuances to this criterion. The Coronavirus Aid, Relief, and Economic Security (CARES) Act also targets significant funding for larger businesses although those programs are still in development. Summary information on these opportunities is provided in the *Quick Reference Guide* below, which provides links to additional details in this document on each opportunity.

We encourage members to review the latest government and private sector guidance, LeadingAge National summaries and community sources such as financial institutions for more detailed information on these government programs. As additional state or federal funding opportunities become available or updates are made to these programs, we will revise this document.

Quick Reference Guide				
Program Name	Type	Eligibility	Process	Comments
<u>CARES Act Provider Relief Funding</u>	Grant	Medicare providers including SNFs, HHAs and hospices	\$30 billion already paid to providers, attestation to follow	Total of \$100 billion to support expenses or lost revenue due to COVID-19
<u>Medicare Advance Payment</u>	Cash Advance	Medicare providers including SNFs, HHAs, hospices and practitioners	Apply to the Medicare contractor, National Government Services	Up to 3 months of advance Medicare payment and repay within 120 days
<u>Paycheck Protection Program</u>	Forgivable Loan	Generally, NFPs with less than 500 workers qualify as small businesses	Apply to existing SBA lender or participating financial institution	Borrow up to 250% of average monthly payroll costs; loan payments deferred or forgiven
<u>Federal Payroll Tax Deferral</u>	Payment Delay	All employers eligible, but limited when a PPP loan is forgiven	No application or notification to IRS needed	Defer payment of employer share of Social Security tax, with repayment over two years
<u>Economic Injury Disaster Loans & Emergency Advance</u>	Loan with Forgivable Advance	Generally, NFPs with less than 500 workers qualify as small businesses	Apply through the SBA	Loans of up to \$2 million with \$10,000 being a quickly available, forgivable advance
<u>Aid for Existing SBA Borrowers</u>	Bridge Loans/ Loan Relief	Existing and qualified SBA borrowers	Apply for bridge loans through SBA lender; automatic loan relief	Express Bridge Loans of up to \$25,000, and automatic debt service payment on certain loans
<u>Main Street Lending Program</u>	Flexible Loan	Businesses with less than 10,000 employees or \$2.5 billion in revenues	Apply to eligible financial institutions; awaiting more details	4-year loans to small and mid-size companies, with one-year deferral of principal and interest payments

Funding Program Overviews

A. CARES Act Provider Relief Funding

The CARES Act provides \$100 billion to hospitals and other healthcare providers to be used to support healthcare-related expenses or lost revenue attributable to COVID-19 and to ensure uninsured Americans can get testing and treatment. Beginning April 10th, facilities and providers began receiving their share of the initial \$30 billion distribution from this allocation. This distribution represents automatic payments made to providers that received Medicare fee-for-service (FFS) payments in 2019 and requires no application. The funding is a grant that does not need to be paid back, although recipients are required to agree to certain terms and conditions.

What: The Department of Health and Human Services (HHS) is making a formulaic, proportional payment to Medicare providers based on the Medicare FFS payments each provider received in 2019. To estimate the expected payment, a provider should divide their 2019 Medicare FFS revenue by \$484 billion and multiply the quotient by \$30 billion. Please note that Medicare managed care revenue is NOT included in this calculation.

Who: All facilities and providers that received Medicare FFS reimbursement in 2019 are eligible for this initial rapid distribution, including nursing homes, Certified Home Health Agencies, hospice providers and hospitals.

When: Electronic payments to providers began on Friday, April 10th. The funds should appear in a provider's bank account, customarily the same one into which an organization receives Medicare payments, via Optum Bank and should be identified as HHSPAYMENT or HHS STIMULUS in the payment description. Providers are being paid via Automated Clearing House account information on file with UnitedHealth Group or the Centers for Medicare & Medicaid Services (CMS). Providers that receive a paper Medicare check will be issued a paper check for this funding as well.

Additional Information: Information on the program is available from HHS [here](#). Recipients of the funding are required to agree to certain terms and conditions by signing an attestation within 30 days of receiving the funds. HHS indicates that the portal for signing the attestation will be open the week of April 13, 2020, and will be linked on this web page: www.hhs.gov/provider-relief/index.html. 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 for care that had been provided by an in-network provider. We anticipate that additional payment distributions that consider Medicaid and Medicare managed care volume will be made in the future.

B. Medicare Advance Payment

The CARES Act has authorized CMS to provide accelerated or advance payments during the period of the public health emergency to a Medicare provider or supplier that submits a request to the appropriate Medicare Administrative Contractor (MAC) and meets the required qualifications. Please note that this is a cash flow relief provision only and must be paid back beginning 120 days after the advance payment is issued.

What: The opportunity allows Medicare providers to request up to three months of Medicare payment in advance based on their historic Medicare FFS claims. This advance payment does not impede providers from continuing to receive payment on submitted claims.

Who: The program targets Medicare Part A and/or Part B providers that meet the required qualifications of having billed Medicare in the last 180 days, not being in bankruptcy, not being under active medical review or program integrity investigation and having no delinquent Medicare overpayments.

When: Providers may apply now using the application posted on the National Government Services (NGS) Medicare website. The MAC will work to issue payment within seven days of receiving the request. Most providers must begin repaying the advance 120 days from the date payment is issued (which will be an automatic process that will intercept Medicare payments).

Additional Information: The CMS announcement, available [here](#), contains step-by-step instructions for completing and submitting the application. The simple [application form](#) requires only Name, Address, Provider Number, National Provider Identifier (NPI), contact information, the amount being requested, and an authorized signature. Submission emails are listed on the form.

Although the NGS advance request form suggests that “providers are required to also submit, on their organization’s letterhead, a detailed explanation of the system issue they are experiencing; specifically, whether the issue is CMS related or due to the provider’s internal systems issue,” MAC staff have clarified that a brief letter or email statement indicating that the request is related to the COVID-19 emergency is sufficient. Those taking advantage of the opportunity should be aware, based on current program requirements, that their regular Medicare payments will be automatically intercepted to repay the advance 120 days after receipt of the advance payment.

C. Paycheck Protection Program

The Paycheck Protection Program (PPP), a forgivable loan program administered through the Small Business Administration (SBA), was enacted in the CARES act and began accepting applications April 3rd. It is designed to provide a direct incentive for small businesses (generally 500 employees or fewer), including NFPs, to keep their workers on the payroll. Organizations work with their local lenders to borrow up to 250 percent of their average monthly payroll up to \$10 million.

What: A forgivable loan program allowing small businesses to borrow up to 250 percent of their average monthly payroll costs (averaging payroll costs for each month in the year preceding the loan date). Loan payments will be deferred for six months and no collateral or personal guarantees are required. Neither the government nor lenders will charge fees. Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. A fact sheet outlining the criteria for loan forgiveness is available [here](#). This loan has a maturity of 2 years and an interest rate of 1 percent.

Who: NFP organizations with fewer than 500 total workers (including part-time and occasional employees) are eligible to apply. The SBA and the Treasury Department issued a [Frequently Asked Questions](#) document on the PPP on April 13th indicating that businesses can be eligible borrowers even if they have more than 500 employees, as long as they satisfy the existing statutory and regulatory definition of a “small business concern” under the Small Business Act. Another consideration in determining eligibility is that

the qualifiers take into account certain affiliated entities. Providers should review and understand the [SBA's rules governing NFP affiliations](#) for this program and may want to seek professional legal guidance.

When: Lenders began processing loan applications as early as April 3, 2020. The PPP will be available through June 30, 2020. The speed of the loan process is influenced by the lending institution.

Additional Information: Eligible businesses can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. Consult with your local lender as to whether it is participating in the program. Initial indications are that members have worked successfully with community banks.

- An overview of the program from LeadingAge national is available [here](#) and a focus on affiliation rules is [here](#).
- SBA information is [here](#) and program FAQs (updated April 8th) are available [here](#).
- If you wish to begin preparing your application, you can download a copy of the [PPP borrower application form](#) to see the information that will be requested from you when you apply with a lender.
- FAQs for faith-based organizations participating in PPP or EIDL are available [here](#).

D. Federal Payroll Tax Deferral

Section 2302 of the CARES Act allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government for their employees. The deferred employment tax can be paid over the next two years— with half of the required amount to be paid by Dec. 31, 2021 and the other half by Dec. 31, 2022.

What: To enhance cash flow so that businesses can better maintain operations and payroll, the Internal Revenue Service is implementing a provision in the CARES act allowing deferral of payment and deposit of the employer's share of the 6.2 percent social security portion of Federal Insurance Contributions Act (FICA) and Railroad Retirement Tax Act (RRTA) taxes for deposits that are otherwise due to be made for the period March 27th through Dec. 31, 2020. Under this deferral, employers would have one year (i.e., by Dec. 31, 2020) to pay the first 50 percent of the liability and an additional year (i.e., by Dec. 31, 2022) for the remaining 50 percent of the liability. This initiative does not apply to the employee's share of Social Security tax or the employee or employer's share of Medicare taxes.

Who: All employers are eligible. However, if an employer receives a loan under the PPP (see Section D above), they may not defer the deposit and payment of the employer's share of social security tax due on or after the date that the Paycheck Protection Program loan is forgiven.

When: No application or special election is required to take advantage of this relief. Internal Revenue Service (IRS) Form 941 "Employer's QUARTERLY Federal Tax Return" will be revised for the second calendar quarter of 2020. The IRS will soon provide information to instruct employers on how to reflect the deferred deposits and payments otherwise due on or after March 27, 2020 for the first quarter of 2020 (January – March 2020).

Additional information: [IRS Notice 20-22](#) and an [IRS frequently asked questions](#) provide additional details. If an employer uses a third-party payroll agent to deposit employment taxes on its behalf and directs the agent to delay payments of the employer portion of Social Security tax as allowed by the Act, the employer retains

responsibility to ensure that the deferred taxes are paid by the due dates. Therefore, any such employer should work with its payroll provider to implement this program.

E. Economic Injury Disaster Loans & Emergency Advance

The EIDL is an existing program administered by the SBA that has been expanded by the CARES Act. It allows small businesses (including NFPs) to apply for loans of up to \$2 million with \$10,000 being a quickly available, forgivable advance. The goal is to provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing as a result of the COVID-19 pandemic. It is similar to the PPP with a different focus: the PPP is aimed at assisting organizations cover payroll for two months, while the EIDL covers wider operational expenses. In addition, the only forgivable amount under EIDL is the \$10,000 advance.

What: An expansion of the EIDL program allows small businesses to apply for up to a \$2 million loan specifically for economic injury suffered due to the declared disaster with \$10,000 being a forgivable advance. The loan and advance may be used for payroll, rents or mortgages, or other operational costs. The interest rate for NFPs is 2.75 percent.

Who: NFP organizations with fewer than 500 total workers (including part time and occasional employees) are eligible to apply. The same affiliation rules appear to apply for this program as for the PPP (see Section D above).

When: The loan application is available on-line [here](#) and is accompanied by language suggesting that it takes two hours and ten minutes to complete. Applications are being accepted now through Dec. 16, 2020. The EIDL advance funds will be made available within days of a successful application, and this loan advance will not have to be repaid. Whether an organization qualifies (or applies) for additional funding beyond the \$10,000 advance does not impact the distribution of the advance.

Additional information. Applicants must complete a loan application form, a form requesting a tax return transcript from the IRS, a schedule of liabilities form and recent tax returns. For reference and to help prepare members considering a loan application, links to PDFs of aforementioned forms are provided in a LeadingAge article available [here](#).

- *An overview of the program from the SBA is available [here](#) and an article focusing on affiliation rules is [here](#).*
- *The link to the application on the SBA site is [here](#), FAQs are [here](#).*
- *FAQs for faith-based organizations participating in PPP or EIDL are available [here](#).*

F. Aid for Existing SBA Borrowers

In addition to the programs above, the SBA is providing debt relief opportunities for borrowers. Information on SBA Express Bridge Loans for businesses that already have a relationship with an SBA lender is available [here](#). SBA is also offering Debt Relief for principal, interest, and fees of certain 7(a), 504, and microloans. Information is available [here](#).

What: The Express Bridge Loan Program allows small businesses that currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly. These loans assist small businesses to overcome the temporary loss of revenue they are experiencing and can be term loans or used to bridge the gap while applying for a direct SBA EIDL (see previous section). As part of their debt



relief efforts, the SBA will automatically pay the principal, interest, and fees of current 7(a), 504, and microloans for six months, as well as the principal, interest, and fees of any new loans of these types issued before Sept. 27, 2020.

Who: Existing and SBA qualified borrowers can take advantage of these programs.

When: The Express Bridge Loan program is accessible through existing SBA express lenders, with details provided in the [SBA Program Guide](#). The debt relief measures are supposed to occur automatically. [Contact the SBA](#) if there are any questions on automatic deferrals or the status of your organization's loan.

G. Main Street Lending Program

Provisions in the CARES Act include measures to provide assistance to eligible businesses, states and municipalities that incurred losses as a result of the pandemic. According to the [Federal Reserve System](#), the Main Street Lending Program will enhance support for small and mid-sized businesses that were in good financial standing before the crisis by offering 4-year loans to companies employing up to 10,000 workers or with revenues of less than \$2.5 billion. Principal and interest payments will be deferred for one year. Eligible banks may originate new Main Street loans or use Main Street loans to increase the size of existing loans to businesses.

While we await further details from the [Department of the Treasury](#) or the [Federal Reserve System](#), certain parameters of the program are available in the Federal Reserve System's [Term Sheet](#). To be eligible, the borrowing must be an unsecured term loan made by an eligible lender to an eligible borrower that was originated on or after April 8, 2020. In addition to 4-year maturities and one year deferral of principal and interest payments, these loans will have an adjustable rate of the Secured Overnight Financing Rate (SOFR, currently 0.01) plus 250-400 basis points, a minimum size of \$1 million and a maximum of \$25 million and no prepayment penalties.