

PPP and Health Care Enhancement Act-Funds for Rural Health

On April 21, 2020, the U.S. Senate passed the "Paycheck Protection Program and Health Care Enhancement Act," which adds nearly \$484 billion in new money to a fund supporting small businesses and hospitals as they cope with the economic and public health crises caused by the coronavirus pandemic. Notably, this legislation allocates an additional \$75 billion to hospitals and other "eligible health care providers," roughly \$25 billion for coronavirus testing, and no less than \$225 million to help rural health clinics address COVID-19 related expenses. The information below translates key provisions of the Act to help you understand and obtain emergency funding.

Who is an "eligible health care provider"?

The Act defines this term as "public entities, Medicare or Medicaid enrolled suppliers and providers, and such for-profit entities and not-for-profit entities not otherwise described" that provide diagnoses, testing, or care for individuals with possible or actual cases of COVID-19.

These providers must have a valid tax identification number in order to apply for funding.

Okay. I am an "eligible health care provider," now how do I access funding?

There are two separate channels of funding.

First, there is the "Public Health and Social Services Emergency Fund," which contains \$75 billion in aid for providers to respond, prevent, and prepare for coronavirus. In order to receive this money, the provider must submit to the Secretary of Health and Human Services an application that includes a statement justifying the provider's need.

Second, there is the additional \$25 billion in aid under the "Public Health and Social Services Emergency Fund," which is intended to help providers cover necessary expenses to research, develop, validate, manufacture, purchase, administer, and expand capacity for COVID-19 tests. Of this amount, no less than \$11 billion shall be dedicated to States and localities for expenses to develop, purchase, administer, process, and analyze COVID-19 tests.

Additionally, of the \$25 billion, \$225 million shall be used to provide additional funding for COVID-19 testing and related expenses to rural health clinics, as that term is defined in section 1861(aa)(2) of the Social Security Act.

When will I receive the money?

All funds identified above shall be allocated not later than 30 days after the date of enactment of this Act.

Once allocated, the PPP loan rules require banks to fund the loans within 10 days of approval.

How must I use the money?

The money can be used for health care-related expenses or lost revenues that are attributable to coronavirus, but may not be used to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.

As part of its response to COVID-19-related problems, the health care provider may use funds for such expenses as building or constructing temporary structures, leasing properties, purchasing medical supplies and equipment including personal protective equipment and testing supplies, increasing workforce and trainings, and outfitting emergency operation centers and facilities.

Contact Us

Reach out to Fraser Stryker's business attorneys for more information. We are here to help:



Mark L. Brasee

mbrasee@fraserstryker.com

(402) 978-5306



Neil P. Hassler

nhassler@fraserstryker.com

(402) 978-5374

This article has been prepared for general information purposes and (1) does not create or constitute an attorney-client relationship, (2) is not intended as a solicitation, (3) is not intended to convey or constitute legal advice, and (4) is not a substitute for obtaining legal advice from a qualified attorney. Always seek professional counsel prior to taking action.