

CARES Act Passes Senate

After nearly a week of tense negotiations, U.S. Senate leaders last night released and voted unanimously to approve the final text of “phase three” COVID-19 relief legislation (attached). We anticipate that the House will pass the measure on Friday morning and that it will quickly be signed into law. We will have full coverage in today’s Week in Focus, including an upcoming webinar to help members navigate the most impactful provisions of COVID-19 relief efforts on Capitol Hill.

Although the AOA-backed physician-specific crisis relief provision which thousands of advocates had been pushing for (S. 3559/H.R. 6365) was ultimately not added to the CARES Act, Optometry practices nationwide are included in and will directly benefit from the \$350 billion in emergency 7(a) loans in the bill to be made as soon as possible through local lenders and which would be completely forgiven if used for legitimate business purposes. The bill also contains a number of other provision that will benefit doctors of optometry.

In addition to ensuring that optometry is treated fairly under the new 7(a) “forgivable” loan program, the AOA will continue working with Senators Bennet and Barrasso and other champions to secure additional targeted physician relief that doctors of optometry need and deserve. Thanks to the thousands of doctors and students who have been pushing their lawmakers in recent days, support has continued to grow for the AOA plan for immediate relief – S. 3559/H.R. 6365 – that we will continue to push in the days ahead. There is already talk of a “phase four” bill on Capitol Hill now being assembled.

Overall, the roughly \$2 trillion CARES Act (aka “phase three”) would provide a one-time \$1,200 check to individual taxpayers and \$2,400 for married filers (phase-out begins at \$75k single, \$150k married), with an extra \$500 per child. The bill also expands unemployment insurance with additional federal monies of \$600 per week to combine with state funds and help get workers to 100 percent of their previous wages. The bill would also expand access to unemployment for part-time and self-employed former workers.

Here are a number of key provisions impacting doctors of optometry, practices, and patients included in the CARES Act.

- **New 7(a) “Forgivable” Small Business Loans** – the “Paycheck Protection Program” plan sets aside \$350 billion for a new program to quickly get financial resources out to optometry practices and other small businesses – and then forgive the loan later if it is used for legitimate business expenses during the covered 8-week period.

The program would allow loans up to \$10 million (actual amount tied to payroll costs) and utilizes 7(a) lenders (many private lenders participate). The loan is 100 percent guaranteed by the Federal Government and eligibility is not based on ability to repay, but rather on being a business in operation at the time of the COVID-19 outbreak. The loan will be forgiven if the funds are used for specified business expenses - payroll costs, rent, interest on mortgage obligations, and utilities. The amount of loan forgiveness will be reduced by the number of employees no longer retained and by a significant reduction in salaries.

There is also an incentive to hire back previously laid-off workers (laid-off after February 15, 2020) as employers will not be penalized for having reduced number of workers for purposes of loan forgiveness if workers are re-hired. Cancelled debt under this program’s loan forgiveness will not be treated as taxable income.

- **Emergency Economic Injury Disaster Loan (EIDL) Grants** – this provision would provide an immediate \$10,000 grant for eligible businesses suffering economic harm due to COVID-19. Businesses that apply for an EIDL would be given the \$10,000 advance within three days to maintain payroll, provide paid sick leave, and to service other debt obligations. Applicants will not be required to pay back the advance payments, even if they are denied for an EIDL loan.
- **New Limitations on Small Business Paid Family and Medical Leave** – this provision would authorize the U.S. Treasury to provide small businesses with an advance tax credit instead of waiting to be reimbursed quarterly for fulfilling new requirements to provide paid sick and family during this public health crisis. The provision would also limit employer liability to \$5,110 in aggregate for sick leave, \$2,000 in aggregate to care for a quarantined individual or child due to COVID-19 for each employee, and \$10,000 aggregate for each employee under all leave. Would also allow a re-hired employee who was laid off after March 1, 2020 to have access to COVID-19 paid sick and family leave.
- **Expanding Medicare Telehealth Flexibilities** – this section would eliminate the requirement that limits the Medicare telehealth expansion authority during the COVID-19 emergency period to situations where doctors of optometry and other physicians have treated the patient in the past three years.
- **Suspension of Medicare Sequester** – this provision temporarily lifts the Medicare sequester, which reduces payments to doctors of optometry and other Medicare providers by 2 percent, from May 1 to December 31, 2020.

- **Small Health Care Provider Quality Improvement Grant Program** – this section makes doctors of optometry eligible for 5 years of small health care provider quality improvement grants. The monies would be used to better connect doctors of optometry and others with other health care providers in their area to help increase care coordination, enhance chronic disease management, and improve patient health outcomes.
- **\$100 Billion Public Health and Social Services Emergency Fund** – this new \$100 billion HHS program will provide grants to doctors of optometry and other eligible health care providers for health care related expenses or lost revenues (not otherwise reimbursed) that are attributable to coronavirus. Must be Medicare or Medicaid enrolled supplier or provider.
- **Small Business Loan Repayment Assistance** – The bill provides for a new subsidy for certain small business loan payments - existing 7(a) SBA loan (including Community Advantage), 504, or microloan product. Paycheck Protection Program (PPP) loans are not covered. Requires the SBA to pay the principal, interest, and any associated fees that are owed on the covered loans for a six-month period starting on the next payment due.
- **United States Public Health Service Modernization** – this is based on an AOA/Armed Forces Optometric Society-backed bill (S. 2629) that would establish a Ready Reserve Corps to ensure enough trained doctors – including doctors of optometry – and nurses are available to help the nation better respond to public health emergencies.
- **Temporary Relief for Student Loan Borrowers** – Requires the Federal Government to defer for student loan payments, principal, and interest for 6 months, through September 30, 2020, for optometry students and others without penalty for all federally owned loans.
- **Employee Retention Credit for Employers Subject to Closure Due to COVID-19** – this provision provides a refundable payroll tax credit for 50 percent of wages paid by employers to employees during the COVID-19 crisis. The credit is available to employers whose (1) operations were fully or partially suspended, due to a COVID-19 related shut-down order, or (2) gross receipts declined by more than 50 percent when compared to the same quarter in the prior year.
- **Delay of Payment of Employer Payroll Taxes** – this provision allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying with half of the amount required to be paid by December 31, 2021 and the other half by December 31, 2022.