

# MSF CLIENT ALERT

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## Paycheck Protection Program and Health Care Enhancement Act – an Amendment to the CARES Act

*The Coronavirus Aid, Relief, and Economic Security (the “CARES Act”) established programs to provide loans and grants to workers and small businesses affected by COVID-19, but the demand quickly exceeded the initially available funding.*

May 5, 2020

On April 24, 2020, President Trump signed the Paycheck Protection Program and Health Care Enhancement Act (the “Enhancement Act”), which provides billions of dollars to supplement key programs contained in the CARES Act, including federal assistance for hospitals, other health care providers and expanded national testing. In addition, the Enhancement Act extends the availability of several Small Business Administration (“SBA”) loan programs originally contained in the CARES Act and appropriates an additional \$310 billion in loans under the Paycheck Protection Program (the “PPP”), as well as smaller dollar amount loans available under other SBA loan programs.

### **Division A – Small Business Programs**

- The purpose of the Enhancement Act is to provide eligible small businesses that were unable to access the PPP or the SBA’s Economic Injury Disaster Loan (EIDL) program, before those programs ran out of funds, with the same assistance as considered in the CARES Act.
- The Enhancement Act increases the subsidy appropriation for the PPP by \$310 billion and requires the SBA to use at least \$60 billion of the \$310 billion increase in the PPP appropriation to guarantee loans made by smaller depository institutions, credit unions and community financial institutions.
- The Enhancement Act increases the EIDL program by an additional \$10 billion for EIDL grants.

- See Title II below for the increase in EIDL loans.

- The Enhancement Act amended the CARES Act by adding agricultural enterprises with not more than 500 employees as eligible entities for EIDLs and EIDL emergency grants. Agricultural enterprises are defined in Section 18(b) of the Small Business Act as “businesses engaged in the production of food and fiber, ranching, and raising of livestock, aquaculture, and all other farming and agricultural related industries.”

### **Division B – Additional Emergency Appropriations for Coronavirus Response Title I – Department of Health and Human Services**

- The Enhancement Act provides \$75 billion in supplemental appropriations to reimburse “eligible health care providers for health care related expenses or lost revenues that are attributable to the coronavirus.
- Further, the Enhancement Act appropriates \$25 billion to research, develop, validate, manufacture, purchase, administer, and expand capacity for COVID-19 testing.

### **Title II – Independent Agencies**

- In addition, the Enhancement Act provides \$50 billion for the Disaster Loans program, \$10 billion the Emergency EIDL grants, and \$2.1 billion for salaries and expenses to administer programs related to COVID-19.

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