

## COVID-19 Update

April 24, 2020

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### 1. Additional PPP Funding and Money for Hospitals Is Available

The initial Paycheck Protection Program (PPP) loan funding under the CARES Act was exhausted shortly after it became available. As a result, many applications filed by otherwise qualified businesses were denied, and a vast number of sole proprietors and independent contractors did not even have an opportunity to apply. Earlier today, the President signed into law a \$484 billion bill replenishing the PPP funding, providing money for hospitals, and establishing a national testing strategy. Qualified businesses that are interested in obtaining PPP loans should work with their banks to submit their applications as soon as possible.

### 2. Further Guidance on PPP Loans

On April 23, 2020, the SBA issued further guidance on qualification for PPP loans, primarily aimed at businesses owned by large companies with adequate sources of liquidity. Despite the waiver of the normal requirement of inability to obtain credit elsewhere, the SBA advises that all borrowers must assess their economic need for a PPP loan under the standard established by the CARES Act and the PPP regulations at the time of the loan application. Then, as part of the application process, borrowers must certify in good faith that their PPP loan request is necessary, taking into account their current business activity and their ability to access other sources of liquidity (for example, through capital markets) sufficient to support their ongoing operations in a manner that is not significantly detrimental to the business. SBA makes it clear that it has the right to audit borrowers, and that borrowers should be prepared to demonstrate the basis for this certification. Additional information about this latest guidance is in FAQ 31, located [here](#).

### 3. U.S. Department of Health and Human Services (“HHS”) Announces CARES Act Funds for Health Care Providers

On April 22, 2020, HHS announced \$70 billion relief funding to health care providers beleaguered by the Coronavirus rampage. The CARES Act funded \$100 billion to providers, of which \$30 billion was previously earmarked.

In approving the funding, Congress had expressed its understanding that the crisis would trigger widespread cancellation of normal ongoing medical procedures negatively affecting the medical providers and the healthcare industry. Of the funds newly authorized \$30 billion is set to offset lost Medicare revenue and treatment of uninsured patients. Another \$20 billion is allocated based on net patient revenue lost from all sources. \$10 billion more of the funding is targeted to hospitals in high-impact areas for Coronavirus outbreaks with New York State being singled out for \$4.4 billion. The final \$10 billion of the allocated spending is for rural hospitals. These funds do not include \$165 million Congress approved for new “telehealth” services, COVID-19 testing and PPE purchases for rural hospitals.

HHS indicated that strong anti-fraud protections would follow the funds to ensure all providers receiving grants properly qualified and use the money according to applicable guidelines. HHS reported earlier that DOJ attorneys would have doctors and hospitals receiving CARES Act funds “under the microscope” to verify authorized spending.

A portal for providers to submit their financial information was announced by HHS, which can be found [here](#). Some providers may receive payments prior to submitting the information based upon information already on file with HHS.

GMH’s Coronavirus Task Force is here to answer your questions. While GMH is complying with Governor Whitmer’s Order, we are working remotely and available to assist you. Please contact any of the below lawyers for more Coronavirus support.

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