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Summary of COVID-19 Paycheck Protection Program and Health Care Enhancement Act

The Paycheck Protection Program and Health Care Enhancement Act (Enhancement Act), passed by Congress on April 23, was signed into law by President Donald Trump on April 24 to address the continuing economic issues created by the COVID-19 pandemic. The Enhancement Act supplements the programs created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted on March 27, and provides additional funding for small-business loans, health care providers, and COVID-19 testing. This alert summarizes key provisions of the Enhancement Act.

Division A—Small Business Programs

Sec. 101 provides additional lending authority for certain Small Business Administration (SBA) programs, including:

- $321 billion of additional funding for the Paycheck Protection Program, under which the SBA may guarantee certain loans to small businesses during the COVID-19 pandemic; and
- advances on emergency economic injury disaster loans made in response to COVID-19. In addition, agricultural enterprises are now eligible for such disaster loans and advances.

The SBA is required to guarantee minimum amounts of paycheck protection loans made by certain insured depository institutions, community financial institutions, and credit unions. The expectation is that smaller businesses will be reached through these designated financial institutions.

Division B—Additional Emergency Appropriations for Coronavirus Response

Title I provides $100 billion in fiscal year 2020 supplemental appropriations to the Department of Health and Human Services' emergency funds, including:

- $75 billion to reimburse health care providers for health care-related expenses or lost revenues that are attributable to the coronavirus outbreak; and
- $25 billion for expenses to research, develop, validate, manufacture, purchase, administer, and expand capacity for COVID-19 tests to effectively monitor and suppress COVID-19. The title allocates specified portions of the $25 billion for COVID-19 testing to a list of designated entities and classes of entities—including states, localities, territories, tribes, the Centers for Disease Control and Prevention (CDC) and the National Institutes of Health (NIH), the Food and Drug Administration (FDA), community health centers, and rural health clinics—and to testing for the uninsured.

Title II provides fiscal year 2020 supplemental appropriations to the SBA, including:

- $50 billion for the Economic Injury Disaster Loan (EIDL) program, and
- $10 billion for emergency EIDL grants.

Small businesses with pending applications for Paycheck Protection Program loans do not need to take action in response to the Enhancement Act. Small businesses that have not yet applied for financial assistance may wish to contact their lenders as soon as possible to initiate an application.

For more Day Pitney alerts and articles related to the impact of COVID-19, as well as information from other reliable sources, please visit our COVID-19 Resource Center.

COVID-19 DISCLAIMER: As you are aware, as a result of the COVID-19 pandemic, things are changing quickly and the effect, enforceability and interpretation of laws may be affected by future events. The material set forth in this document is not an unequivocal statement of law, but instead represents our best interpretation of where things stand as of the date of first publication. We have not attempted to address the potential impacts of all local, state and federal orders that may have been issued in response to the COVID-19 pandemic.

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