

Coronavirus Aid, Relief, and Economic Security (CARES) Act



Paycheck Protection Program for Physician Practices Updates

The Paycheck Protection Program Flexibility Act of 2020 (“PPPFA”) was signed into law on June 5, 2020 and revises the terms and conditions of the Paycheck Protection Program (“PPP”) for new applicants and for the over 4 Million borrowers who have already accessed the program.

The revisions provide borrowers additional flexibility with respect to the use of loan proceeds and other provisions that should increase loan forgiveness and extend the repayment period for certain borrowers who do not achieve full forgiveness.

The [HCA Healthcare CARES Website](#) contains links to other pertinent websites, along with other resources and program information.

PAYCHECK PROTECTION PROGRAM FLEXIBILITY ACT HIGHLIGHTS

- On Friday, June 5, 2020 the Paycheck Protection Program Flexibility Act of 2020 (“PPPFA”) was signed into law.
- The law provides significantly greater flexibility for borrowers to qualify for loan forgiveness including the following revisions:
 - Covered Period: extends the period in which PPP loan proceeds must be expended from 8 weeks to the lesser of 24 weeks or the period ending December 31, 2020.
 - FTE Limitation: provides an exemption to the proportional reduction in forgiveness based on FTE headcount for borrowers who (i) are able to document the inability to rehire to prior headcount levels, or (ii) are able to document an inability to return to pre-COVID levels of business activity due to restrictions imposed by the CDC or OSHA.
 - Use of Proceeds: revises the minimum percentage of the covered loan amount that a borrower must use on payroll costs to 60%; now allowing up to 40% of the proceeds to be used on qualifying mortgage interest, rent or utilities payments.
- The law also revised the repayment terms of PPP loans extending the minimum loan maturity to 5 years from 2 years for those loans made after the PPPFA was signed into law.
- The last significant provision in the PPPFA relates to the payroll tax deferrals permitted under the CARES Act. The PPPFA allows PPP borrowers to now defer 50% of the employer’s share of payroll taxes through 2021 and the remaining 50% through 2022.
- While the PPPFA should benefit most PPP borrowers, interested parties should continue to check the [SBA](#) and [Treasury](#) websites regularly for updated FAQs and other guidance as some PPP questions remain unanswered and the rules have been subject to revision.

ADDITIONAL RESOURCES

Visit the [HCA Healthcare CARES Website](#) to learn more about this and other financial support services.

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