

Protected: CARES Act Stimulus Bill Becomes Law

President Trump signed [H.R. 748, the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#) into law on March 27, 2020. It is the third, and by far the most extensive, measure enacted so far to provide relief and aid related to the COVID-19 pandemic. It includes economic and health coverage protection provisions for individuals, employers, and key sectors of industry. Here is a summary of its major provisions:

Individual Economic Protections

Recovery Rebates for Individuals

- The measure provides for direct tax rebates to be sent to all Americans in the next few weeks. Each qualified adult will get \$1,200 (\$2,400 for married couples). Each eligible household will also receive \$500 per child.
- The full rebate amount is available for those with incomes at or below \$75,000 for individuals and \$150,000 for married couples.
- The credit then begins to phase out and is capped at individuals with incomes above \$99,000 and married couples with incomes above \$198,000.

Pandemic Unemployment Insurance

- The new law expands existing state-level unemployment insurance benefits for people affected by the COVID-19 economic downturn.
- It makes the benefits more generous by adding a \$600/week increase to people's existing state-level benefits through the end of July.
- For those who need it, the bill provides an additional 13 weeks of benefits beyond what states typically allow.
- Self-employed and independent contractors, like gig workers and Uber drivers, are eligible for Pandemic Unemployment Assistance. It also covers workers laid off from churches and religious institutions who may not typically qualify for a state's program.
- People who can telework with pay or are receiving paid leave benefits do not qualify.
- Should the person attempt to qualify for Medicaid or CHIP, the unemployment assistance does not affect their income.

Special Rules for Retirement Funds

- The law attempts to make it easier for people to manage their assets invested in retirement accounts during these trying economic times.
- It waives the 10% penalty for qualified retirement account withdrawals of up to \$100,000 and allows three years for repayment.
- Individuals also may take a qualified retirement account loans of up to \$100,000 (raised from \$50,000).
- The law also suspends the requirements for older Americans that are subject to mandatory minimum distributions from their retirement accounts for 2020.

Student Loans

- The law defers payments for federally owned student loans for six months, through September 30, 2020.

Protections to Help Businesses Retain Workers

Employee Retention Credit for Employers Subject to Closure Due to COVID-19

- The law provides protections for businesses of any size that face disruption due to the coronavirus crisis to help them continue to pay employees.
- These employers may be eligible for a 50% refundable tax credit of up to \$10,000 of wages paid per eligible employee. Qualified employers can access the funds via a payroll tax credit.
- These funds can cover health insurance expenses.
- The business must have been disrupted by COVID-19 enough to trigger a business revenue loss of at least 50% relative to the same quarter of the prior year.
- The credit ends when the business revenue rises to at least 80% of what the business made in a comparable quarter of the prior year.

Delay of Payment of Payroll Taxes

- The law also provides businesses of all sizes, including sole-proprietors with tax relief.
- Employers can delay payment of their 2020 payroll taxes until 2021 and 2022.
- Half of the 2020 payments will be due in 2021, and the other half due in 2022.

Paycheck Protection Program

- The law creates a new program for small and mid-sized businesses to retain workers during the economic crisis.
- The program applies to companies with fewer than 500 employees.
- It creates an 8-week loan program for up to 250% of the monthly payroll (maximum of \$10 million) for employers that need it due to economic uncertainty, provided that they maintain their payroll during this emergency.
- If the employer maintains payroll, there is forgiveness available for the portion of the loans used for covered payroll costs, interest on mortgage obligations, rent, and utilities.
- The loan amount is limited to \$100,000 annualized per employee (tips included), and employers cannot cut employees' pay more than 25%.
- This program is retroactive to February 15, 2020, to help bring workers who may have already been laid-off back onto payrolls.
- The Small Business Administration must enact the program with regulations no later than 15 days after the Act becomes law.

Emergency Economic Injury Disaster Loans

- Another program for small and mid-sized businesses, including sole proprietors, creates an emergency loan program to ensure cash flow.
- The program applies to companies with fewer than 500 employees, including sole proprietors.
- It provides an emergency loan of up to \$10,000 to be available within three days of application.
- Forgiveness is available if the loan is used to fund payroll, paid sick leave, interest on mortgage obligations, rent, and utilities, or other debt.

Health Coverage Provisions

- The law expands the scope of the COVID-19 diagnostic testing coverage mandate. All health plans must cover any COVID-19 test, including newly developed tests.
- Carriers and health coverage issuers only need to reimburse providers at the negotiated rate for similar testing. If there is no negotiated rate, then providers must post a price.
- Telehealth services may be covered before the application of the deductible in qualified high-deductible health plans (HDHPs) paired with health savings accounts during plan years beginning on or before December 31, 2021.
- People may now use all tax-favored health care accounts, like HSAs and FSAs, to buy over-the-counter medicines tax-free without a prescription.
- The law includes significant funding to expand telehealth services and allows nurse practitioners and physicians' assistants to prescribe home health services.

Other Key Provisions

- The deal provides over \$140 billion in appropriations to support the U.S. health system. \$100 billion will go directly to hospitals, and \$16 billion will support the strategic national stockpile to procure personal protective equipment, ventilators, and other medical supplies for federal and state response efforts. The rest will be dedicated to increasing the healthcare workforce and training, accelerated Medicare payments, and supporting the CDC, among other health investments.
- The law includes a total of \$500 billion in emergency relief to distressed businesses, as well as state and municipalities
- It invests \$30.750 billion into a flexible Education Stabilization Fund to help states, school districts and institutions of higher education for costs face increased costs as they deal with the safety and health issues related to coronavirus as well as continue to develop plans for providing online learning for all students
- Finally, the law creates new public health, education, and emergency preparedness infrastructure resources, including funding community health centers through November 30, 2020, and reauthorizing rural grant programs to strengthen rural community health.