

March 30, 2020

The Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on Friday, March 27, 2020 to provide aid for individuals, businesses and hospitals impacted by the coronavirus outbreak.

At VillageMD, we recognize that understanding and acting on the CARES Act will be a top priority for our affiliated providers over the coming weeks. Below you'll find a current summary of actionable next steps, as advised by our legal team and outside legislative counsel. We'll continue to share updates as more information becomes available.

### CASH RELIEF

#### What can I do today?

**Apply for an advance on Medicare payments.** You can request up to 100% of Medicare receivables based on historical experience for a three-month period. The best place to do this is on your Medicare Administrative Carrier (MAC) website. More details can be found [here](#).

- Payment issued within 7 days
- Repayment (offset) will begin after 120 days and should be fully received after 210 days
- *Note: Medicare sequester reductions are also being waived through the end of 2020. Thus, the 2% that is usually withheld from payments will not be withheld*

**Apply for emergency cash assistance** through an Economic Injury Disaster Loan (EIDL) on the [SBA website](#).

- Use for debt, payroll expenses and other bills that cannot be paid because of COVID-19
- Up to \$10K in cash borrowed against the loan is available in three days after the application is received, plus a loan of up to \$2M
- The \$10K grant does not have to be repaid. However, if you exercise this option, you cannot use the Paycheck Protection Program (PPP) to cover the same losses

#### What else is coming this week?

Applications to the [Paycheck Protection Program](#) (PPP) will be accepted starting Friday, April 3. The government is still negotiating with lenders, but published information about the program includes:

- Funding for 2.5x your average monthly payroll to help you retain employees up to \$10M
- Payroll costs including salaries, wages, sick leave, group health benefits and payment of state and local tax assessed on compensation
- PPP loan forgiveness is included for up to eight weeks of payroll, but is based on keeping your workforce during this period of time
  - There is a cap of \$100K per full-time employee (FTE) in loan amount and loan forgiveness
- *Note: You cannot utilize EIDL and PPP for the same expenses. Enrollment in PPP also precludes you from taking advantage of the payroll tax deferral outlined below.*

**Cash relief quick reference guide**

Program	Funding	Timing	Uses	Stipulations	Application
<b>Advanced Medicare Payments</b>	Up to 100% of Medicare receivables for 3 months based on historical data	Payments issued within 7 days	Discretionary	Repayment (offset) will begin after 120 days and should be fully received after 210 days  <i>Medicare sequester reductions are also being waived through the end of 2020 (additional 2%)</i>	Your Medicare Administrative Carrier (MAC) website
<b>Economic Injury Disaster Loan (EIDL)</b>	Grants up to \$10K Loans up to \$2M	Grants payable in 3 days	Use for debt, payroll expenses and other bills that cannot be paid because of COVID-19	Grant does not need to be repaid  Obtaining \$10K immediate grant disqualifies you from applying for PPP  No loan forgiveness for funds beyond \$10K	<a href="https://disasterloan.sba.gov/ela/">https://disasterloan.sba.gov/ela/</a>
<b>Paycheck Protection Program (PPP)</b>	Up to 2.5x average monthly payroll or \$10M (whichever is less)	Amounts under \$1M have a 36-hour turnaround	Payroll, health care benefit-related costs, rent, utilities, mortgage payments and business loan interest  Amounts paid for sick leave or FMLA related to COVID-19 included in payroll  Loan forgiveness applies to the cost of payroll continuity for 8 weeks after the start of the loan	Loan forgiveness administered by SBA. Forgiveness is offset by changes to the workforce  Loan forgiveness applies to the cost of payroll continuity for 2.5 months (through end of June 2020)  No specific requirement for revenue loss; a good faith attestation that the economic conditions warrant it will apply  More details forthcoming	TBD starting Friday, 4/3/20

## TAXES AND LOANS

Payment	Detail	Timing
<b>Tax filings/payments</b>	Tax filings or payments due during the emergency period are extended; no action is required until 10/15/2020	Due in full on 10/15/2020
<b>Payroll taxes</b>	2020 Social Security payroll tax payments are deferred, with no interest incurred on account of the deferral	50% owed on 12/31/2021 50% owed on 12/31/2022
<b>Tax credits in Family First Act</b>	Employers are eligible to received tax credits for qualified sick leave wages and family leave paid thru 12/31/2020	Through end of 2020
<b>Small Business Association (SBA) loans</b>	If you have an existing SBA loan, you can defer payments	6 months to 1 year

*Note: More information forthcoming on taxable income limits, net operating loss expansion, and other tax relief.*

## OTHER GRANT OPPORTUNITIES

The VillageMD team is working to investigate additional funding opportunities on behalf of affiliated providers. A few key programs are summarized below, and more detailed strategy recommendations will be provided as they are available. Please connect with your market president if you'd like to speak with our legal or legislative advisors for a personalized recommendation.

**Public Health and Social Services Emergency Fund:** \$100B in response funds to healthcare providers for healthcare related expenses and lost revenue attributable to COVID-19. The U.S. Department of Health and Human Services (HHS) will issue guidance imminently on how to apply. Expect to provide a justification of need from COVID-19 related issues.

**HRSA Rural Health Initiatives:** Grant program supporting the use of telehealth technologies for services related to mental health, at-home care and preventive care in rural and underserved communities. The grant includes \$29M per year for four years.

*\* This information is current as of 3/30/2020; however, additional guidance and information will continue to be published in the coming days as more details about the CARES Act are finalized.*

Please join us for a live webinar with VillageMD's general counsel and legislative advisor on **Wednesday, April 1 at 5 p.m. Central/6 p.m. Eastern or Thursday, April 2 at 7:30 a.m. Central/8:30 a.m. Eastern** (invitations to follow), where they will review key provisions of the CARES Act and answer questions.