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Compliance Advisor

What every HR leader should know about compliance



Paycheck Protection Program and Health Care Enhancement Act

In response to the spread of the 2019 novel coronavirus (COVID-19), President Trump signed the [Paycheck Protection Program and Health Care Enhancement Act](#) (PPPHCEA) into law on April 24, 2020. The PPPHCEA is phase 3.5 in Congress' response to the COVID-19 pandemic following the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020, and the Families First Coronavirus Response Act (FFCRA). The PPPHCEA is a \$484 billion package that increases amounts authorized and appropriated for the Paycheck Protection Program (PPP) discussed in our prior [Advisor](#) for emergency economic injury disaster loans (EIDL) and for emergency grants under the CARES Act. The PPPHCEA also provides additional funding for health care providers.

PPP Funding

The PPP was established under the CARES Act to provide small employers with an incentive to keep workers on their payroll during the COVID-19 crisis. Under the PPP, which is an extension of the Small Business Administration (SBA) Section 7(a) loan program, qualifying small businesses are eligible to borrow up to \$10,000,000 in order to maintain their workforce from February 15, 2020, until June 30, 2020. All or a portion of the loan may be forgiven if the borrower follows the SBA guidelines. Due to the popularity of the program, the initial \$349 billion funding allocation was exhausted by mid-April with hundreds of thousands of PPP applications pending.

The PPPHCEA amends the PPP under the CARES Act to increase the amount authorized for business loans from \$349 billion to \$659 billion, which is to remain available under the PPP until June 30, 2020. The PPPHCEA also amends the Small Business Act by guaranteeing \$30 billion in loans made by insured depository institutions and credit unions with consolidated assets of at least \$10 billion and less than \$50 billion. Additionally, the PPPHCEA guarantees \$30 billion in loans made by community financial institutions, and insured depository institutions and credit unions with consolidated assets of less than \$10 billion.

Emergency EIDL Grants

The PPPHCEA amends the CARES Act by increasing the amount of funds authorized by the Department of the Treasury (Treasury) for emergency EIDL grants from \$10 billion to \$20 billion, and expanded EIDL eligibility to include agricultural enterprises, as defined under section 18(b) of the Small Business Act with 500 or fewer employees.



Health and Human Services Funding

The PPPHCEA appropriated \$75 billion held by the Treasury that had not been appropriated for the fiscal year ending September 30, 2020, for the Public Health and Social Services Emergency Fund (the Fund) for eligible health care providers. Those funds are intended to cover health care related expenses and lost revenue attributable to the coronavirus. Additionally, \$25 billion has been allocated to the Fund to cover the cost to research, develop, validate, manufacture, purchase, administer, and expand the capacity for COVID-19 testing in order to effectively monitor and suppress the virus.

Additional Emergency Appropriations

The PPPHCEA appropriated \$2.1 billion to the SBA to cover salaries and expenses, which will remain available until September 30, 2021.

The PPPHCEA also appropriates an additional \$50 billion for the Disaster Loans Program to remain available until expended.

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