

## COVID-19 - What Hospital CFOs are Talking About

### Accelerated Payments Program Expanded

CMS has expanded the Accelerated Payments Program to now include most Medicare Part A and Part B providers. Most providers and suppliers will be able to request up to 100% of the Medicare payment amount for a three-month period.

Those with a six-month period:

- Inpatient acute care hospitals, children's hospitals, and certain cancer hospitals are able to request up to 100% of the Medicare payment amount for a six-month period
- Critical access hospitals can request up to 125% of the Medicare payment amount for a six-month period

Filing instructions and full details can be found on this [CMS Fact Sheet](#).

### Pension Funding Holiday

CARES Act Section 3608 provides a pension funding holiday for contributions to a single-employer defined benefit pension plan ("the plan") that otherwise would be required to be paid in calendar year 2020. Specifically, no minimum required contributions under IRC Section 430(j) that would be due in 2020 must be paid. The **due date of delayed contributions is January 1, 2021**, and interest accrues from the original due date until the contribution is made. In addition, the plan may elect to treat the plan's adjusted funding target attainment percentage as equal to the adjusted funding target attainment percentage (AFTAP) for the last plan year that ended before January 1, 2020. This substitution could defer the time at which the plan may become subject to limitations on forms of benefit payments, limits on benefit accruals, or plan amendments.

### Paycheck Protection Program

The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. The U.S. Small Business Administration (SBA) will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.

### Who qualifies?

- Businesses with fewer than 500 employees
- 501(c)3 organizations

### Application process begins April 3, 2020

For more details, go to our [CARES Act and the Paycheck Protection Program guide](#).

### Public Health and Social Services Emergency Fund

The largest sum of money available to healthcare providers is the \$100 billion in funds Congress provided the Public Health and Social Services Emergency Fund (PHSSEF). These funds are designed to cover non-reimbursable expenses. **Forgone (lost) revenue is considered a qualifying expense.** Any expenses reimbursed, or obligated to be reimbursed by insurance, or other mechanisms are not eligible.

Health and Human Services (HHS) will review applications from healthcare providers and make payments on a rolling basis as qualified applications are received to get money into the health system as quickly as possible. Healthcare providers do not have to get the funds through the traditional competitive grant process. **No guidance on the application process is currently available, but it is expected soon.**

### Temporary Lifting of Medicare Sequestration

The CARES Act temporarily lifts the Medicare sequester, effectively adding an additional two percent for services provided from May 1, 2020 through December 31, 2020.

### Social Security Tax Payment Deferral

CARES Act IRS Section 2302 allows employers and self-employed individuals to defer federal Social Security tax on employees' wages paid between March 27, 2020 and December 31, 2020. Employers will be liable for making the deposits timely under the deferred deadlines.

Applicable employment taxes include:

- The employer's share of Old-Age, Survivors, and Disability Insurance Tax (Social Security), or 6.2% of wages up to the wage base (\$137,700 in 2020)

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- The portion of the employer's and employee representative's share of Tier 1 Railroad Retirement Tax Act (RTTA) tax that corresponds to the 6.2% Social Security tax rate due
- For self-employed individuals, the equivalent amount of Self-Employment Contributions Act (SECA) tax due on net earnings from self-employment, which would similarly be exempt from estimated tax payments

Employers are liable for making the deposits timely under the deferred deadlines. There is no dollar limit on the wages that may be deferred.

The payroll tax deferral does NOT apply to:

- Federal income tax withholding
- Hospital Insurance (Medicare) tax
- Employees' portion of Social Security tax
- Taxpayers who obtain a Small Business Act loan under the Paycheck Protection Program established by the CARES Act if the loan is later forgiven

Details can be found on the IRS website, [Relief from Penalty for Failure to Deposit Employment Taxes](#)

Please note: New information related to COVID-19 comes out daily and there are still many unanswered questions. This information is not intended and does not constitute a comprehensive assessment of all provisions, including applicability, and application thereof. The information provided is not a substitute for professional advice or services.



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