

TRP COVID-19 Alert: House Passes 'Phase III' Coronavirus Response Measure

- *Bill clears by voice vote, set for POTUS signature at 4 PM.*
- *Deal includes funding for small businesses, health care needs, and direct payment relief.*
- *Speaker Pelosi emphasizes need for 'Phase IV' legislation.*

Today, House lawmakers passed a sweeping \$2.3 trillion economic stimulus [package \(section-by-section\)](#) aimed at bolstering the response efforts and stemming the negative impacts of the novel coronavirus (COVID-19) outbreak. The bill passed with strong bipartisan support via voice vote despite an effort by Rep. Thomas Massie (R-KY) to requested a recorded vote on the legislation. **The measure now heads to President Donald Trump's desk for signature at 4:00 PM.**

- **Next Steps.** While Congress is expected to be out of session until Apr. 20th at the earliest, discussions among lawmakers on a 'Phase IV' legislative package are expected to intensify in the coming weeks. Speaker Nancy Pelosi (D-CA) reiterated the necessity of additional COVID-19 response legislation during a speech on the House floor today, advocating for additional health care provider funding, resources for state and local governments, and stronger workforce protections. Lawmakers have also identified technical corrections to the massive Phase III package as an avenue for Congress to pursue in future COVID-19 legislative efforts.

Key policies in the COVID-19 stimulus package include:

Protection for Workers and Consumers

- **Direct Payment Relief** — The deal provides \$1,200 in direct cash payment relief to individuals, \$2,400 for married couples, plus \$500 per child. The full payment is available for individuals making up to \$75,000 and \$150,000 for married couples. The value begins decreasing and then phases out completely for those making over the full payment income cap.
- **Expanded UI Benefits** — The expanded unemployment insurance (UI) program allocates \$260 billion to provide a \$600 increase for every recipient, with provisions that incentivize states to eliminate waiting periods. An additional 13 weeks unemployment insurance benefits are also prioritized in the revised bill. Additionally, part-time, self-employed, and gig economy workers will also have access to UI benefits under these provisions.
- **Food Support.** — The bill allocates \$200 million to the Department of Homeland Security (DHS) to support shelter, food, and supportive services to individual and families. It also provides \$450 million for the Emergency Food Assistance Program (TEFAP)

Employee Retention by Small Businesses

- **Paycheck Protection Program** — The legislation’s “Paycheck Protection Program” would allow SBA to provide eligible small businesses and 501(c)3’s with a guarantee on a loan up to \$10 million.
 - This loan could then be forgiven for up to eight weeks of payroll, rent, utilities, and other essential operating expenses. Forgiveness would be reduced proportionally to any layoffs, as well as any reductions in salary above 25%.
 - Eligible organizations include those with 500 or fewer employees, those that meet industry-specific SBA thresholds, independent contractors, and sole proprietorships. Restaurants and hospitality locations are assessed the 500 employees on a per-location basis.
- **Grants** — An additional program would provide \$10,000 emergency grants to eligible small businesses to offset certain operating costs.
- **Tax Credits** — A tax credit would compensate employers for half of wages paid to workers (up to \$10,000 in wages per worker).

Relief for Drastically Affected Sectors of the Economy

- **Funding Relief** — The legislation provides the Treasury Department with \$500 billion for the purpose of making loans, issuing loan guarantees, and purchasing obligations to assist several distressed areas of the economy.
 - \$454 billion would be generally available to businesses, states, and municipalities affected by the crisis.
 - Aviation — \$61 billion will be allocated toward a mix of grants and loans to both passenger airlines cargo airlines and contractors on the ground. The actual split is \$25 billion to passenger and \$4 billion to cargo in both grant and loans (\$58 billion) and an additional \$3 billion for contractors on the ground.
- **Restrictions** — Borrowers would be restricted from stock buybacks, dividends, executive bonuses, and executive raises until one year after the loan is paid back and expected to maintain employment levels “to the extent practicable.”
- **Waivers** — After much back and forth as to waivers for these requirements, the Secretary of the Treasury would be allowed to some of these requirements in order to “protect the interests of the federal government” but would be subject to appearing before Congress to discuss their decision to do so.

Health Policy

- **Extenders** — Medicare, Medicaid, and public health programs set to expire on May 22, 2020 will be reauthorized through November 30, 2020 — punting a long-term reauthorization and accompanying dealmaking on surprise billing and drug pricing until after the election.
- **Public Health and Social Service Emergency Fund** — \$100 billion will be allocated for reimbursing providers with expenses or lost revenue directly attributable to COVID-19. It also provides an additional \$27 billion for other PHSEF functions, including: (1) \$16 billion for the Strategic National Stockpile; (2) \$3.5 billion for BARDA for manufacturing, production, and purchase of vaccines, therapeutics, and diagnostics for COVID-19; (3) \$289 million for mitigating issues in health professional shortage areas; and (4) at least \$250 million for the Hospital Preparedness Program.

- **Medicare Hospital Funding** — The bill establishes a 20 percent add-on payment for hospitals for COVID-19 patients and temporarily ends the Medicare sequester.
- **Shortage Reporting** — The bill places additional requirements on drug manufacturers regarding reporting supply interruptions and to maintain contingency plans to ensure a backup supply of their products. The bill also requires medical device manufacturers to submit information about a medical device or component shortage at FDA's request.
- **Vaccine Coverage** — The bill mandates that plans cover forthcoming COVID-19 vaccines without cost-sharing within 15 days of receiving an "A" or "B" rating from the United States Preventative Services Task Force or a recommendation from the Advisory Committee on Immunization Practices. Furthermore, the bill provides for coverage of a COVID-19 vaccine through Part B with no cost sharing.
- **Telehealth and Rural Health** — The bill reauthorizes and provides \$180 million for HRSA rural health and telehealth initiatives, including funding for HRSA telehealth resource centers grant programs. It also provides \$200 million for the Federal Communications Commission's Connected Care Pilot Program, which supports providers rendering care through telehealth. The bill further relaxes Medicare telehealth requirements, removing any need for a telehealth provider to have seen the patient in the past three years. It also allows federally qualified health centers (FQHC) and rural health centers (RHC) to furnish telehealth to Medicare beneficiaries in their home and allow for many check-ups to be done via telehealth.
- **Part 2 and Other PHI** — The bill aligns 42 CFR Part 2 regulations on substance use disorder records with the Health Insurance Portability and Accountability Act (HIPAA) with initial patient consent. Also requires HHS to issue guidance on patient record sharing during the COVID-19 emergency.
- **SAMHSA** — \$425 million will be allocated to Substance Abuse and Mental Health Services Administration (SAMHSA) for Health Surveillance and Program Support, including \$250 million for Certified Community Behavioral Health Clinic expansion grants.
- **CMS** — The bill provides \$200 million for the Centers for Medicare and Medicaid Services to assist nursing homes with infection control.
- **OTC Reform** — The bill would establish user fees for OTC-related work and make monograph issuance subject to administrative order, not notice-and-comment rulemaking. These long-awaited reforms have passed the House and Senate in various forms but their vehicle has never been signed into law.

Support for Children and Families

- **Healthy Start** — The bill reauthorizes the Healthy Start program to provide additional support for families during the COVID-19 emergency.
- **Head Start** — The bill provides \$750 million for Head Start to meet emergency staffing needs.
- **SNAP** — The bill includes \$15.5 billion in additional funding for the Supplemental Nutrition Assistance Program (SNAP).
- **Child Nutrition Programs** — The bill allocates \$8.8 billion in additional funding for Child Nutrition Programs in order to ensure children receive meals while school is not in session.
- **TANF** — Funding for the Temporary Assistance for Needy Families (TANF) program will be extended through November 30, 2020.
- **Administration for Community Living** — The bill includes \$955 million for the Administration for Community Living (ACL) to support nutrition programs, home and

community-based services, support for family caregivers, and expand oversight and protections for seniors and individuals with disabilities.

- **Child Care Development Block Grant** — The bill includes \$3.5 billion to support child care and early education programs through Child Care Development Block Grant.

State and Local Relief

- **Airports** – \$10 billion in Federal assistance is directed to help publicly-owned, commercial airports. These funds will help airport operators meet ongoing needs and manage current construction projects.
- **Community Development Block Grant** — The bill provides \$5 billion to the Community Development Block Grant (CDBG) program. This includes: (1) \$2 billion for states and localities that received an allocation under the fiscal year 2020 CDBG formula; (2) \$1 billion in direct funding to states to support a coordinated response across entitlement and non-entitlement communities; and (3) \$2 billion for states and localities based on the prevalence and risk of COVID-19, as well as related economic and housing disruptions.
- **Coronavirus Relief Fund** – The bill provides \$150 billion to State, Tribal and Local Governments (with a population that exceeds 500,000).
- **Economic Development Administration (EDA)** – The bill provides \$1.5 billion for economic adjustment assistance to help revitalize local communities after the pandemic.
- **Disaster Relief Fund** – The bill allocates \$45 billion to provide for the immediate needs of state, local, tribal, and territorial governments to protect citizens and help them recover from the overwhelming effects of COVID-19.
- **Emergency Management Performance Grants** – \$100 million will be allocated for state, local, territorial, and tribal governments to support coordination, communications, and logistics efforts.
- **Department of Education** – The bill includes \$30.75 billion for an Education Stabilization Fund for states, school districts and institutions of higher education for costs related to COVID-19.
- **Community Services Block Grant (CSBG)** – The bill includes \$1 billion for CSBG to help communities address the consequences of increasing unemployment and economic disruption.

Editor's note: 'TRP COVID-19 Alerts' are series of periodic updates and breaking news alerts on the novel coronavirus (COVID-19) outbreak to help your organization track and better understand the latest developments. As always, please feel free to follow up with the TRP team with any specific questions or feedback.

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