



 THE COUNCIL

COVID-19

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Phase Four - \$1.2 Trillion

- 750B for State and Local Governments; Second round of direct payments, expanded unemployment
- Testing with accountability, data reqs on those tested
- PPP modifications- focus on small businesses, minority and women owned businesses, CDFI lenders, eligibility issues, non-profits of all sizes will be allowed access to PPP
- Addressing weaknesses in the supply chain; Election assistance funding
- Increased money for hospitals/ health providers; free treatments, drugs, and (when ready) vaccines; SNAP; First Responders
- Re-Defining forbearance with a mandated loan modification at the end of a set forbearance period
- COBRA subsidies

The package will not include

- liability protection for businesses
- payroll tax cut

Phase One – March 6th

- **\$6.5 billion for HHS**
 - 3.4 billion for Public Health and Social Services Emergency Fund
 - \$2.2 billion for Centers for Disease Control and Prevention
 - \$836 million for National Institutes of Health
 - \$61 million for the Food and Drug Administration
 - Waived Medicare telehealth restrictions
- **\$1.25 billion for State Department and USAID**
 - Includes funds for global health programs, humanitarian and health assistance, diplomatic operations, evacuation and emergency preparedness costs
- **Enabled Small Business Administration to provide about \$7 billion in disaster loans**

Phase Two – March 18th

Created emergency paid leave programs to respond to the outbreak

- Private sector employers with fewer than 500 workers and government entities have to provide as many as 12 weeks of partially paid family leave under the FMLA to care for a child whose school or day care has closed
- Employers to provide full- and part-time workers with two weeks paid sick time, including for a quarantine order or to care for another affected individual
- Labor Department can exempt small businesses with fewer than 50 workers from the paid leave requirements
- Refundable tax credits for employers to cover costs under the law's leave programs
- Includes amounts employers pay for a worker's health insurance plan
- Similar refundable credit for self-employed workers

Phase Three – \$2T Direct Payments and PPP program

- Recovery checks of \$1,200 for individuals with AGI up to \$75,000 or \$112,500 for those with a head of household filing. All joint filers, with AGI up to \$150,000 are eligible for \$2,400. Those amounts increase by \$500 for every child
- \$600 maximum unemployment benefit per week (“ensures laid-off workers receive full pay for 4 months”)
- \$58 billion for airlines - prohibited from stock buybacks and CEO bonuses
- \$150 billion Marshall Plan for hospitals
- Additional \$349 billion in loans for small businesses to cover payroll and other expenses – bans stock buybacks for the term of the government assistance plus 1 year for any company receiving aid
- Retention tax credit for employers to encourage businesses to keep workers on their payrolls
- Waiving penalties for withdrawing as much as \$100,000 from retirement plans
- Technical corrections and other changes to 2017 tax overhaul
- Several modifications to the emergency leave programs in the second package
- Creates Treasury Department Special Inspector General for Pandemic Recovery

Phase 3/3.5 – PPP Loans

- Allows SBA to provide federally-backed loans from February 15, 2020 to June 30, 2020 to eligible businesses to cover operational costs, including payroll, rent, health benefits (and insurance premiums), etc.
- No collateral, personal guarantees, or subsidy recoupment fees required (interest rate set at 2/15/20 level)
- Eligible businesses = 500 or fewer employees
 - Leeway for businesses with multiple “small” locations that provide accommodation and food services
 - Sole proprietors, independent contractors, and self-employed individuals are eligible
 - Some relief from SBA affiliation rules for certain businesses
- 2 eligibility criteria = good-faith certification of need for the loan + agree to not fire workers
- The maximum loan amount is a multiplier (2.5x) of average monthly payroll costs up to \$10M cap
- Businesses can use loans for almost all operating costs (with limits on individual comp above \$100K, comp for non-U.S. workers, and “double dipping” for Families First paid leave wages already receiving credit)
- Debt forgiveness up to the principal loan amount for certain costs incurred during the covered period
 - Forgivable amounts = payroll costs; interest payments on loan obligations; rent; and utilities
 - Forgiveness amounts reduced for firing employees or cutting wages

Retroactive Business Interruption Coverage





The COVID-19 Business and Employee Continuity and Recovery Fund (the “Recovery Fund”)

- An expedited and streamlined relief program run by a special administrator within Treasury, and leveraged through private sector servicers
- Targeted to help businesses retain and rehire employees, maintain worker benefits, and resume or continue economic activity
- Includes strong anti-abuse provisions, including audits and a Special Inspector General oversight
- Would contract with third parties that agree to assist with application filing and review – third parties would be shielded from any liability except for gross negligence, willful misconduct, or fraud
- Funded through advanced authorization of appropriations and the creation of an obligation of the federal government



Recovery Compensation

- Simple-to-file and audit forms that can be electronically filed to quickly provide liquidity to businesses to maintain their viability and ability to retain employees
 - Would require information on impairment and known collateral sources
 - Formula-based compensation for payroll, payroll support, operating expenses (such as rent and interest expense on pre-crisis debt), and lost income of sick employees
 - Could also provide assistance for lost revenue (but not lost profits)
- Interim expedited assistance may be provided
- Recovery compensation reduced by any interim assistance and collateral sources

Policyholders Support The Recovery Fund



Pandemic Risk Insurance Program (PRIA)

[DISCUSSION DRAFT]

116TH CONGRESS
2D SESSION

H. R. _____

To establish a Pandemic Risk Reinsurance Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred
to the Committee on _____

A BILL

To establish a Pandemic Risk Reinsurance Program, and
for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Pandemic Risk Insur-
5 ance Act of 2020”.

What's Happening in the States?

Hundreds of state orders, rules, notices, and guidance issued

1. Workers Compensation
2. Business Interruption
3. Premium Payment grace period
 - a. Agency Billing Arrangements
 - b. Eligibility
 - c. Delayed Compensation
4. Governors' orders closing – and now re-opening – the states

Preserving Employer Sponsored Insurance

Cover the Cost of Coverage through the Consolidated Omnibus Budget Reconciliation Act (COBRA)

- The COVID-19 crisis has already triggered significant job loss. Many individuals may have the option to maintain their job based health coverage through COBRA but find the costs to be prohibitive, especially if they are facing a significant reduction in income. **Congress could offset the full cost of coverage through COBRA to former employees through a direct subsidy.**

Provide Employers with Temporary Subsidies to Preserve Health Benefits

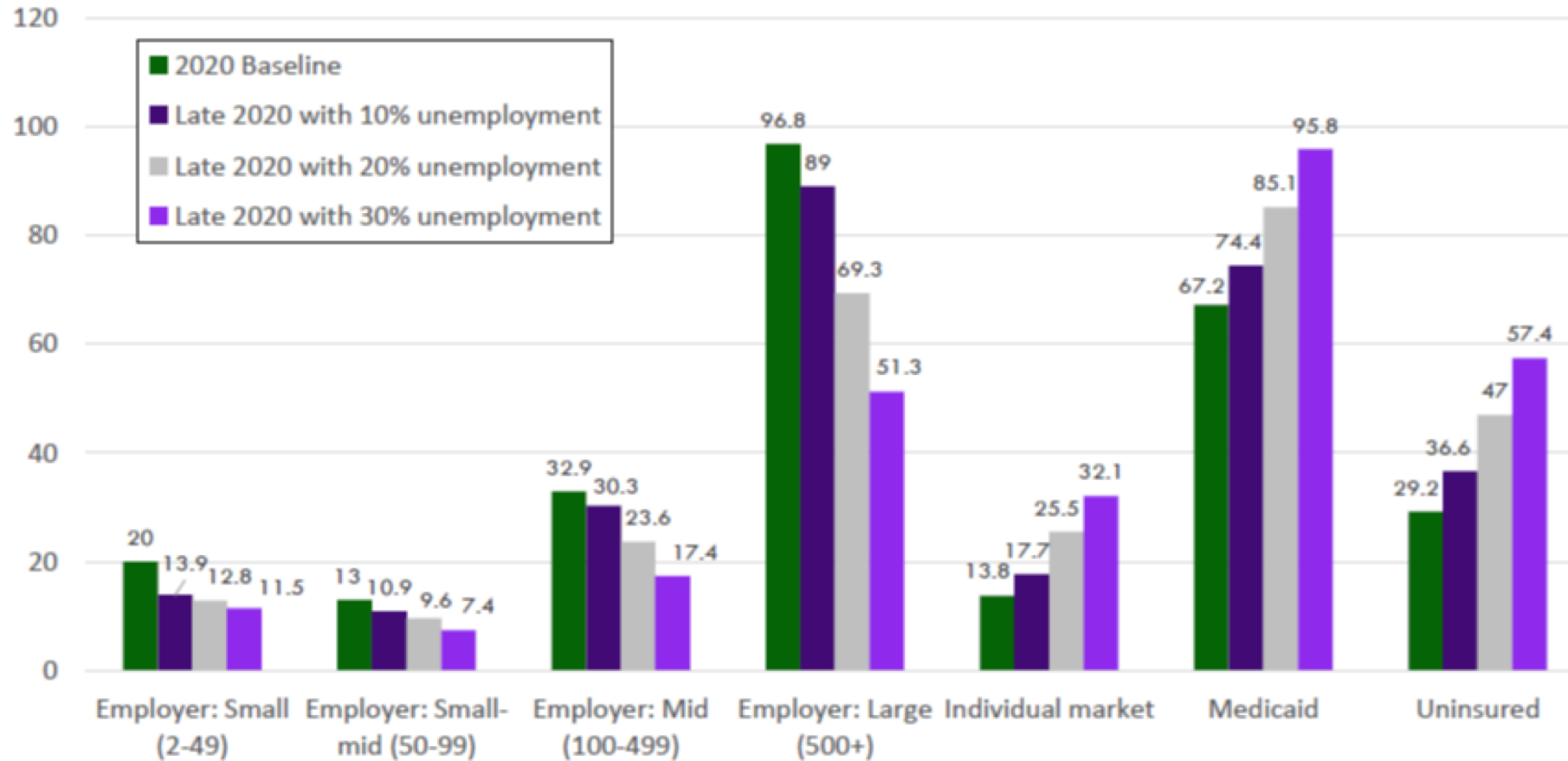
- Many employers experiencing loss of revenue as a result of the economic downturn are compelled reluctantly to reduce benefits as one way to manage expenses. **Congress could help employers by providing subsidies to offset the cost of preserving health coverage during this crisis.**

Expand Use of Health Savings Accounts (HSA)

- Currently, HSAs may only be used for certain qualifying expenses, which do not include premiums. **Congress could temporarily lift this limit to provide individuals and families with access to additional resources to cover the cost of coverage.**

What if healthcare coverage shifted away from commercial markets?

Estimated impact to health insurance coverage due to COVID-19 economic downturn (in millions)



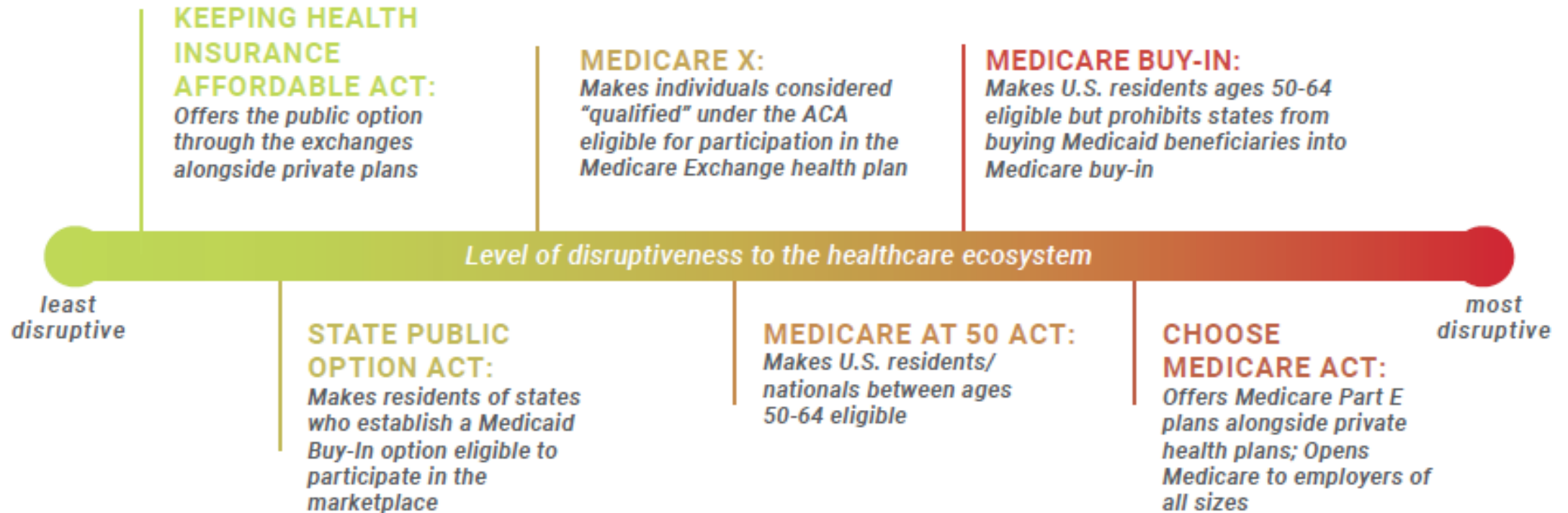
If the unemployment rate reaches 20% ...

In the large employer group market, the number of insureds would **drop by about 28 million, or 29%**

In the individual market, the number of insureds would **increase by 46%**

The number of uninsured would increase by **18 million**

PUBLIC OPTION PROPOSALS



Congresswoman and Former HHS Secretary
Donna Shalala





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