FEDERAL EFFORTS TO ADDRESS THE CORONAVIRUS PANDEMIC 
& THE ENSUING AND PRECIPITOUS ECONOMIC DOWNTURN

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**INTRODUCTION**

Historically, state and local governments have had primary responsibility for protecting the health of their residents. Federal authority was limited to preventing and controlling disease coming into the nation or moving across state borders. However, viruses pay no attention to a state’s borders, and some challenges to the public’s health are of a magnitude and scope that some assistance from the federal government is essential.

With COVID-19, we have a combination of a nationwide natural disaster coupled with a massive loss of jobs as businesses are ordered to shutter - triggered by the need for us to keep physical distance from one another to avoid infection. In a way, we are experiencing—all at once—the 1918 flu pandemic and a Great Depression.

A critical reason federal financial help is needed is that nearly all state governments have a balanced budget requirement. This means that when disasters and/or recessions occur and rapid infusions of funds are needed, states cannot deficit spend, but the federal government must. With both upon us, federal help is indispensable. See CT Voices’ recent report: *Supporting Connecticut’s Economy: A Program to Manage the Coronavirus Recession and Recovery.*

There now have been three efforts by Congress to provide federal help to address the COVID-19 pandemic:

- **The Coronavirus Preparedness and Response Supplemental Appropriations Act** (P.L. 116-123), which became law on March 6, 2020. This Act had three areas of domestic focus: 1) quickly bolstering the nation’s historically-underfunded public health emergency response capacity (e.g., developing medical counter-measures, outbreak surveillance and response work); 2) providing disaster loans to small businesses; 3) expanding telehealth.

- **The Families First Coronavirus Response Act** (P.L. 116-127), which became law on March 18, 2020. This Act had three areas of focus: 1) financial assistance to workers who cannot work because of the outbreak (mandating that employers with fewer than 500 employees provide paid sick and family leaves; funding for states for unemployment insurance programs); 2) nutrition assistance (increased funding for, and flexibility in administering, WIC, SNAP, school meals, and emergency food programs); and 3) assistance in health care (e.g., cost-free testing/diagnosis, increased federal funding for Medicaid/CHIP)

- **The Coronavirus Aid, Relief, and Economic Security (CARES) Act** (P.L. 116-136), which became law March 27, 2020. The Act—the largest relief bill in the nation’s history—touches virtually every issue that the COVID-19 outbreak has presented, so it is discussed in some depth in this report.

This report, in three parts, describes the key provisions of these federal efforts, with emphasis on those most relevant to Connecticut children and families.
I. CORONAVIRUS PREPAREDNESS AND RESPONSE
SUPPLEMENTAL APPROPRIATIONS ACT (P.L. 116-123)

This Act, passed with near unanimous support in the US House (415-2) and Senate (96-1) and signed into law on March 6, 2020, authorized $8.27 billion in supplemental emergency funding to three federal agencies: Department of Health and Human Services (DHHS), State Department, and Small Business Administration. It provided $6.72 billion for our domestic response (81%) and $1.55 billion for our international response (19%). Funding primarily sought to expand domestic capacity to track the outbreak, develop medical countermeasures, bolster treatment in health centers, expand telehealth, and provide initial support to struggling small businesses.

Domestic Response Funds

All but $520 million of the $6.72 billion for domestic response is for the US Department of Health and Human Services use as follows:

- $3.4 billion for the Public Health and Social Services Emergency Fund to remain available until September 30, 2024:
  - $2.98 billion to the Biomedical Advanced Research and Development Authority (BARDA) to develop medical countermeasures (including vaccines, therapeutics and diagnostics);
  - $300 million in contingency funding to be used as the HHS Secretary deems necessary to buy vaccines, therapeutics, and diagnostics;
  - $100 million to the Health Resources and Services Administration (HRSA) for grants to community health centers to improve health care for people who are geographically isolated and economically or medically vulnerable).
    - Connecticut’s 16 community health centers received a total of $1.17 million in these funds (through grants ranging from $52,000 to $127,000), allocated as shown here.
- $1.9 billion to the Centers to Disease Control and Prevention (CDC) to remain available until September 30, 2022, including:
  - $950 million for the Public Health Emergency Preparedness (PHEP) cooperative agreements that provide funding for state, local, tribal and health service providers’ outbreak response activities, including surveillance, laboratory, infection control, mitigation, communication and other preparedness and response activities (of which $475 million must be allocated within 30 days of the bill’s enactment).
    - Connecticut received $7.56 million of these funds;
  - $300 million to replenish the Infectious Diseases Rapid Response Reserve Fund that supports immediate response activities that the HHS Secretary determines are needed to prepare for/respond to outbreaks;
  - $40 million in funding for tribes, urban Indian health organizations and health service providers to tribes.
- $836 million to the National Institutes of Health, to remain available until September 30, 2024:
  - $826 million to the Institute of Allergy and Infectious Diseases (NIAID) for grants and contracts to academic institutions and biotech/pharmaceutical companies for basic and applied research to “prevent, prepare or, and respond to coronavirus domestically and internationally;”
$10 million to the National Institute of Environmental Health Sciences for grants to academic institutions and labor and health & safety-based organizations to provide worker training to prevent and reduce work-based exposure to coronavirus in hospital workers, first responders and other workers at risk of exposure.

- $61 million to the Food and Drug Administration (FDA) to remain available until expended to: develop and review new vaccines, therapeutics, medical devices, and countermeasures; address potential medical supply chain interruptions and counterfeit products, and related administrative tasks.

Other domestic funds are allocated for two purposes:

- $20 million for the Small Business Association’s Disaster Loans Program Account to make economic injury disaster loans until the funds are expended to firms adversely impacted by the pandemic;
- $500 million to pay Medicare providers furnishing telehealth services to Medicare beneficiaries whether or not they reside in a rural area (based on a public health emergency-based waiver of current Medicare restrictions on the use of telehealth).

**International Response Funds**

The majority ($986 million) of the $1.55 billion designated for international response is provided to the US Agency for International Development (USAID) to remain available until September 30, 2020 for:

- $435 million to the Global Health Programs Account to support health systems responding to the outbreak, of which $200 million is for the Emergency Response Fund;
- $300 million to the International Disaster Assistance Account (IDA) to support outbreak-related humanitarian assistance needs;
- $250 million to the Economic Support Fund (ESF) account to support economic, security, and stabilization efforts associated with the outbreak;

The balance of international funds is for the State Department ($264 million) to support its consular operations, emergency evacuations, and other US embassy needs and for the CDC ($300 million) to support global disease detection and emergency response work.

II. THE FAMILIES FIRST CORONAVIRUS RESPONSE ACT
(P.L. 116-127)

This Act, passed by the House (363-40) and Senate (90-8) and signed into law on March 18, 2020, focuses on additional areas of immediate domestic response in its seven Divisions (A-G)

- Financial assistance for workers who, because of the outbreak, have lost income because they are: out of a job; are themselves sick; need to care for others who are sick; and/or must care for children who are at home because of school and daycare closures (Division C - Emergency Family and Medical Leave Expansion Act; Division D - Emergency Unemployment Insurance Stabilization and Access Act of 2020; Division E: Emergency Paid Sick Leave Act; and Division G: Tax Credits for Paid Sick and Paid Family and Medical Leave).
- Nutrition assistance (Division A – Second Coronavirus Preparedness and Response Supplemental Appropriation, 2020; Division B – Nutrition Waivers);
- Eliminating cost barriers to COVID-19 testing, diagnosis and test-related visits, and expanding Medicaid eligibility and increasing Medicaid funding (Division F: Health Provisions).

Paid Sick and Emergency Family Leaves

A blog in our crisis response blog post series summarized the paid leave sections of this Act. Here is a quick review of its key elements, as amended by the subsequent CARES Act:

Must my employer offer paid leaves?

Starting on April 1, 2020, any private employer with fewer than 500 employees must provide both paid sick leave and paid emergency family leave to employees who have been employed with that employer for at least 30 days and whose employment has been affected by COVID-19. However, the US Secretary of Labor may exclude certain health care providers or emergency responders from the definition of “eligible” employees and also may exempt employers with fewer than 50 employees from having to provide emergency family leave to care for children due to school and child care closures if granting such leave would jeopardize the employer’s business as a going concern.

Assuming my employer must provide paid sick leave, am I eligible for it? If so, what will I receive and for how long?

If you are subject to a quarantine or isolation order, have been told to self-quarantine by a healthcare provider, or are seeking a diagnosis for symptoms of COVID-19 you are entitled to paid sick leave. You may take up to 80 hours (two weeks) of paid time, depending on your regular schedule, at 100% of your regular rate of pay (but only up to $511 per day). If you seek paid sick leave to care for someone else who is isolated/quarantined and/or to take care of your child due to a school or child care closure, you may also take up to 80 hours (two weeks) of paid time, but your sick leave pay is limited to 2/3 of your regular rate of pay (but only up to $200 per day).
Assuming my employer also must provide emergency paid family leave, what is the amount of that benefit?

If you must care for your child due to a closure of school or child care closure or the unavailability of a child care provider you are entitled to up to 10 additional weeks of paid time at 2/3 of your regular rate of pay (but only up to $200 per day). In sum, if you are caring your child because of COVID-19 closures, you are eligible for a total of 12 weeks of paid leave (2 weeks of sick leave and 10 weeks of emergency paid family leave).

Is there a cap on the total amount that my employer must pay for my paid leave(s)?

Now there is. The CARES Act (discussed subsequently) capped the total benefits that must be paid to each employee for paid sick leave at $5,111 in the aggregate if the leave is taken because of the employee’s COVID-19 illness, and at $2,000 in the aggregate if the leave is taken to care for another. It also capped the emergency paid family leave at $10,000 per calendar quarter per employee.

If I take a leave, what is the cost to my employer?

Nothing! To cover the costs of complying with these mandates, your employer can claim refundable payroll tax credits in the amount of the benefits paid to you (not to exceed the limits set by law) over the period April 1, 2020 through December 31, 2020. The federal government will provide your employer 100% reimbursement through an immediate dollar-for-dollar offset against the employer’s payroll taxes. Further, if this advance is insufficient to cover your employer’s cost of leaves, the employer can seek an expedited advance by submitting a streamlined claim form to the IRS.

What if I’m self-employed? Can I also get paid leaves?

Yes! If you are self-employed you can get an individual tax credit for qualified sick leave and family leave taken over the period April 1 through December 31, 2020. The amount you can claim is the lesser of: a) $200/day (or $511/day for emergency paid sick leave for your own quarantine or if you’re seeking your COVID-19 diagnosis) OR b) 67% of your average daily pay (or 100% for emergency paid sick leave). You can claim this tax credit on your estimated income tax return. Click here for more details.

For more details on changes and clarifications on paid leaves made by the CARES Act and guidance provided by the IRS and the US Department of Labor see: Employers Take Note of the CARES Act, www.dol.gov/coronavirus/unemployment-insurance, and www.dol.gov/agencies/whd/pandemic.
**Unemployment Insurance**

I read that more than 330,000 Connecticut residents have claimed unemployment compensation since this crisis began. Did the Act provide funds to states so they can handle this flood of claims?

Yes, it included $1 billion in emergency grants to help states process state unemployment compensation claims. Half is provided to all states, provided they comply with specified notification and accessibility requirements and the other half is targeted to states whose unemployment compensation claims increased by at least 10% over the same quarter in the prior calendar year, provided the state has increased state UI access and eased state UI eligibility requirements (including by waiving work search and waiting period requirements). The Act also provides, through December 31, 2020, 100% federal funding for extended state UI benefits (for weeks beyond the traditional period) for states that have a 10% or higher employment rate compared to the prior year and comply with other beneficiary access requirements.

**NOTE**: As discussed in Part III, the CARES Act markedly expanded the eligibility, amount, and duration of UI benefits through three new initiatives, and also provided some increased federal reimbursement for states’ UI programs. For a more in-depth look at UI, and what additional reforms are needed even after the CARES Act, see: Groger A et al. *Unemployment insurance is failing workers under COVID-19. Here’s how to strengthen it* (Brookings, April 6, 2020).

**Nutrition Assistance**

It takes time for benefits like unemployment insurance to reach folks. But everyone has to eat. What help has the federal government provided?

The Act provides some help to keep people fed through five measures that provide greater funding and program flexibility:

**WIC (Special Supplemental Nutrition Program for Women, Infants and Children)**

- *Additional funds*: $500 million of supplemental funds to the US Department of Agriculture for WIC benefits (available until September 30, 2021).  
  - Connecticut’s $3.2 million is to be used for the Department of Agriculture’s Farmers Market Nutrition Program services.
- *Additional flexibility*. Empowers states to seek, and the Secretary of Agriculture to grant, waivers of current rules that impede enrolling and serving families while the WIC clinics are closed (e.g., WIC’s physical presence requirement for recertification and the anthropometric and bloodwork requirements necessary to determine nutritional risk) and to waive (or modify) administrative requirements that cannot now be met because of the outbreak.

**SNAP (Supplemental Nutrition Assistance Program/Food Stamps)**

- *Extends eligibility*. Allows states to provide SNAP benefits to *any household* with at least one child who attends a school that is closed and who would otherwise receive free or reduced-price meals under the National School Lunch Act. The school must be closed for at least five
consecutive days when the school would otherwise be in session because of a public health emergency declared by the Secretary of Health and Human Services (HHS).

- **Temporarily suspends multiple requirements.** Beginning in April 2020, SNAP’s work and work training requirements for adults without children in their home are suspended until the end of whatever month the Secretary of HHS lifts the public health emergency declaration. Also, SNAP’s three-month time limit on benefits for childless adults under age 50 is suspended nationwide until April 1, 2020.

- **Grants broad flexibility for state plan amendments.** Empowers the Secretary of Agriculture, if the Secretary of HHS declares a public health emergency or a state declares a disaster, to approve state plan revisions that would: a) provide emergency allotments to SNAP households to address their temporary food needs (so long as the amount does not exceed the maximum monthly allotment for household size); and b) alter state SNAP operations and procedures (e.g., its application, issuance methods, and reporting requirements) so that they are practicable under actual social-distancing conditions in affected areas.
  
  - As allowed by this Act, all Connecticut households enrolled in SNAP are to receive the maximum food benefit allowable for their household size on April 9 and April 20, including the 97,000 households not currently getting maximum benefits as of early April. Click here for more details. Further, eligibility redeterminations will be every six months (not three) and will be done by phone (not by in-person visit).

- **Assures supplemental funding.** Appropriates “such funds as are necessary” to the Department of Agriculture to pay for these additional SNAP benefits through FY 2020. To check your eligibility, click here.

**School Breakfast and Lunch Programs, Summer Food Service Program, Child and Adult Care Food Program**

- **Increases flexibility in how meals are provided.** For “qualified” programs (school lunch, school breakfast, and summer food service programs and the child and adult care food program), the Secretary of Agriculture can grant waivers requested by states to maintain access to meals and meal supplements during COVID-19 related school closures—even if they would increase federal costs. Qualified waivers are automatic for any state that elects to be subject to the waiver - without further application. Waivers can allow non-congregate feeding and can permit food to be served and/or eaten outside of the school/childcare setting (but only so long as appropriate safety measures are taken to avoid virus transmission). Food programs may, through a waiver, adjust the nutritional content of the meals if there are supply chain disruptions. The CARES Act (discussed subsequently) included $8.8 billion in supplemental funding for these child nutrition programs.

**Commodity Assistance Program/TEFAP**

- Provides an additional $400 million to the Emergency Food Assistance Program (TEFAP), with up to $100 million to be used by the Secretary of Agriculture for distribution of commodities.

**Other Nutrition Assistance**

- Provides an additional $100 million to the Department of Agriculture for commodity purchases for emergency food programs and for increased funding for nutrition block grants in Puerto Rico, the Northern Mariana Islands, and American Samoa (to remain available through September 30, 2021)
Health Provisions

I fear I have some COVID-19 symptoms, but I worry about the cost of getting tested and diagnosed. Do I need to worry?

The Act provides significant new funding to assure free SARS-CoV-2 testing/diagnosis and test-related visits:

- $1 billion to DHHS’ National Disaster Medical System to pay provider claims for testing visits, tests, and diagnosis for uninsured patients (to remain until expended);
- $64 million to the Indian Health Service (to remain until September 30, 2022);
- $82 million to the Department of Defense (to remain available until September 30, 2022).

Further, during this emergency period, tests, diagnoses, and related visits are required to be wholly covered by private and publicly-funding health insurance without any patient cost-sharing, without needing to meet deductible limits, and without prior authorization or other utilization management. This requirement is imposed on group and individual private insurance plans, Medicare and Medicare Advantage, Medicaid and CHIP, health plans covering federal workers (including TRICARE, Veteran’s Affairs), and the Indian Health Service.

The CARES Act (discussed later) clarifies that any COVID-19 testing/diagnosis is a covered service even if a particular test is not yet approved by the FDA or the state where they are administered. Further, to avoid the risk of “surprise billing,” health plans must pay the health care providers’ cash price unless the provider is in network and has a negotiated rate in place, and negotiated rates established prior to the emergency declaration must remain in place for the duration of the emergency (§§3201, 3202, and 3717).

I’m uninsured, very low income, and so can’t afford the cost of a test. Any help for me?

Maybe. The Act creates new state Medicaid option that would provide no-cost tests for the uninsured. States could adopt this new state option beginning March 18 to cover the costs of COVID-19 testing and test-related services for uninsured individuals through the emergency period—with a 100% federal Medicaid match for costs incurred, including administrative costs.

The CARES Act (discussed later) clarifies that persons living in states that have not adopted the ACA Medicaid expansion for single adults are to be considered uninsured, as are persons enrolled in Medicaid programs that do not provide “minimum essential coverage” (e.g., individuals enrolled for treatment of certain conditions, impoverished pregnant women). This new Medicaid option, if adopted by a state, would ensure no-cost testing for these uninsured individuals. (§3716)

States’ Medicaid costs are likely to soar as more people lose work and as health care providers incur additional costs for PPE. Do states get any help with these increased healthcare costs?

Yes! The Act provides states and territories with a temporary 6.2 percentage point increase in the federal matching rate (i.e. the Federal Medical Assistance Percentage, or FMAP) for nearly all health services provided to persons on Medicaid. This increased rate does not apply to services that are not reimbursed at the state’s regular FMAP (including administrative expenses, family planning services,
and HUSKY D which already has a high matching rate). A state is entitled to this higher matching rate so long as it:

- Maintains the same eligibility standards as on January 1, 2020 and does not impose premiums higher than the state had in effect on January 1, 2020 (eff. April 17, 2020). (States that changed eligibility and/or raised premiums after January 1 have 30 days to come into compliance with this maintenance of effort requirement under §3720 of the CARES Act)
- Does not disenroll anyone enrolled in Medicaid as of March 18, 2020 and provides continuous eligibility for enrollees through the end of the month of the emergency period (unless the enrollee moves out of state or asks to disenroll).
- Imposes no cost-sharing for COVID-19 related testing, services, and treatments (including vaccines, specialized equipment, and therapies).

This higher match is retroactive to January 1, 2020 and will end when the public health emergency ends. If the emergency ends at the end of 2020, it is estimated that this increased FMAP will bring an additional $35 billion into states (with an estimated $440 million of this coming to Connecticut). States will also receive an increase in their Children’s Health Insurance Program (CHIP, or HUSKY B) match rate of up to 4.34 percentage points.

**Act also expands liability protection.** The Act defines personal respiratory protective devices to be covered countermeasures under the PREP Act Declaration when used during this outbreak, affording liability protection when such devices are used during this emergency period (but to end October 1, 2024)

III. CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY
(CARES) ACT
(P.L. 116-136)

The third federal bill, a $2.2 trillion package, passed on a vote of 96-0 in the Senate and 419-6 in the House and signed into law on March 27, 2020. It is the largest relief legislation ever passed by Congress (more than twice the measures passed in 2009 after the Great Recession), and represents about one-half of all federal spending (on an annual basis). It has two divisions, with multiple parts in each division:

**Division A** – *Keeping Workers Paid and Employed, Health Care System Enhancements, and Economic Stabilization* - has six Titles that span a range of mitigation efforts to both slow the outbreak and also its extraordinarily harmful impacts on families and the economy:

- **Title I** Keeping American Workers Paid and Employed Act
- **Title II** Assistance for American Workers, Families, and Businesses
- **Title III** Supporting America’s Health Care System in the Fight Against the Coronavirus
  - **Subtitle A** – Health Provisions
    - **Part I** – Addressing Supply Shortages
    - **Part II** – Access to Health Care for COVID-19 Patients
    - **Part III** – Innovation
    - **Part IV** – Healthcare Workforce
  - **Subtitle B** – Education Provisions
  - **Subtitle C** – Labor Provisions
  - **Subtitle D** – Finance Committee
  - **Subtitle E** – Health and Human Services Extenders
  - **Subtitle F** – Over-the-counter drugs
- **Title IV** Economic Stabilization and Assistance to Severely Distressed Sectors of the United States Economy
- **Title V** Coronavirus Relief Funds
- **Title VI** Miscellaneous Provisions

**Division B**—*Emergency Appropriations for Coronavirus Health Response and Agency Operations* – has ten titles that authorize emergency funding to Congress and multiple federal agencies (including Agriculture, Commerce, Defense, Treasury, Homeland Security, Interior, Labor, Veterans Affairs) for a broad range of programs and services, many of which are addressed in the subsequent summary.

Rather than summarize all that this bill includes, Title by Title, this report highlights provisions of particular importance to families, state and local governments as well as our healthcare and public health systems.
How is the more than $2 trillion appropriated by the CARES Act allocated?

A quick look at how funds are allocated, in broad terms, is helpful:

![CARES Act Funding, in Billions](chart)

<table>
<thead>
<tr>
<th>CARES Act Allocations</th>
<th>Funding In Billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>560</td>
</tr>
<tr>
<td>Large Corporations</td>
<td>500</td>
</tr>
<tr>
<td>Smaller Businesses</td>
<td>377</td>
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<tr>
<td>State and Local Governments</td>
<td>340</td>
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<tr>
<td>Public Health</td>
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<td>Education/Other</td>
<td>44</td>
</tr>
<tr>
<td>Safety Net Services</td>
<td>26</td>
</tr>
</tbody>
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The $877 billion that the CARES Act earmarks for businesses includes:

- **Large corporations.** $560 billion in loans and other funding for large corporations with about $58 billion to help airlines (passenger, cargo, and airline contractors). Note: there are multiple restrictions placed on these funds, including appointment of an Inspector General to provide oversight of their use;
- **Small businesses.** $377 billion to businesses with 500 and fewer employees with:
  - $10 billion in Emergency Injury Disaster Loan enhancement grants to small businesses of up to $10,000 each to cover immediate operating expenses;
  - $350 billion for the Small Business Association [SBS] for a Paycheck Protection Program that provides 100% SBA-guaranteed forgivable loans of up to $10 million per business (i.e., any portion of the loan used to maintain payroll, pay for rent/mortgage etc. would be forgiven so long as workers stay employed through the end of June 2020);
  - $17 billion to cover six months of payments for small businesses that already have SBA loans.


In addition, of the $560 billion included in the CARES Act for individuals, slightly more than half ($300 billion) is for direct payments to individuals and the rest ($260 billion) will be paid out in additional unemployment insurance payments (as discussed subsequently).
Financial Assistance

Direct Payments to Individuals

Will I get a check? How much, and when?

The Act creates a tax credit against the 2020 income tax—to be paid in advance (an “economic impact payment”)—equal to a maximum of $1,200 per individual and $500 per dependent child under age 17. Eligible individuals with adjusted gross income under $75,000 (or $112,500 for head of household filers, $150,000 for joint filers) who are not dependents of another taxpayer are eligible for the full rebate. The rebate phases out as income increases above these income thresholds at a 5% rate (so $5 less for each additional $100 of income). For example, if you are a single individual earning $87,000/year you would receive a $600 payment, and nothing if your income exceeded $99,000. Joint filers with no children would get no rebate if their income exceeded $198,000.

Note that the deadlines to file and pay the federal (and state) 2019 income tax have been extended to July 15, 2020 and the economic impact payments remain available through the end of 2020.

The IRS is to pay these rebates by check or by direct deposit into your bank account that is on record with the IRS, based on the income you reported on your 2019 tax return (or on your 2018 return, if you have not yet filed a 2019 return). If you are a Social Security or SSI beneficiary who ordinarily does not file a tax return you will not need to file a return to receive a payment; the IRS will deposit your payment automatically into your bank account. However, if you did not file a return in 2018 or 2019 and are eligible for the rebate, you need to submit a simple return. To do so, click here.

You are eligible for a payment even if you have no income or your income is only from non-taxable, means-tested benefit programs (like Social Security). However, payments are not available for “nonresident aliens,” children 17 or older, or adult dependents. You must provide a Social Security number (SSN) for yourself, your spouse (if filing jointly) and any child for whom you claim the $500 credit. The law requires the IRS to send a notice to individuals identified as eligible to receive a payment that provides you with information about the payment amount, how it will be delivered (paper check/direct deposit), and an IRS phone number to call if the payment is not received.

Like any other refundable tax credit/refund, this payment is not taxable income and does not count as income or resources for a 12-month period in determining your eligibility for, or the amount of assistance to be provided to you by, any federally-funded benefit program. The credit also cannot be reduced for certain unpaid federal or state debts nor can it be used to determine whether you are eligible to apply for bankruptcy and then have to turn it over to your creditors.

However, the CARES Act does not bar debt collectors and creditors from garnishing your bank account to seize your payment. See: Smith KA. When your stimulus check can and can’t be taken from you (Forbes, April 15, 2020). This loophole has prompted the Attorney Generals from half the states to ask the Treasury Secretary to define the checks as “benefit payments” thereby placing them off-limits to creditors and two states (Massachusetts and Ohio) have adopted emergency regulations preventing debt collectors from issuing new garnishment orders. Click here for more details.

**Unemployment Insurance**

Because of the COVID-19 crisis I've lost income from my job, hopefully just temporarily. Can I collect unemployment benefits?

Workers who have been laid off, furloughed for two weeks or more, or had their hours cut back can apply for unemployment insurance (see first blog in our series). For traditional UI benefits, the state UI Trust Fund pays all benefits during an unemployed person’s first 26 weeks of unemployment while the federal government provides funds to the state for its administrative costs in running the program, as well as some funds for “extended” UI benefits (i.e., benefits paid after the initial period) in times of crisis, and loans to states when their UI Trust funds are not adequate to pay benefits.

- Connecticut is to receive about $6 million in additional funding for its UI Base benefit for the first 26 weeks, and another $6 million should Connecticut’s UI claims increase by at least 10% over the same quarter in the previous calendar year.

Unfortunately, state unemployment compensation programs have many gaps – in eligibility and in amount and duration of benefits - that are starkly evident in this crisis. Fortunately, the CARES Act addresses three of them at an estimated total cost of about $260 billion in federal funds (an amount that is likely to grow if unemployment continues to grow and remains high).

I'm not eligible for state unemployment benefits (e.g., I'm self-employed, a freelancer, have too short a work history)? Is there any help in the CARE Act?

Yes! The CARES Act creates a new, wholly federally-funded unemployment insurance program to cover workers who traditionally were not eligible for unemployment benefits under state law, including workers who are self-employed, independent contractors, freelancers, workers with limited work history, or who have exhausted all rights to regular or extended unemployment benefits (among others).

*The Pandemic Unemployment Assistance (PUA) Program expands benefit eligibility.* PUA provides up to 39 weeks of [federally-financed](https://www.irs.gov) UI benefits to unemployed workers who: 1) are [ineligible](https://www.irs.gov) for any other UI benefit; and 2) are unemployed, partially unemployed, or unable to work because of any one of multiple reasons related to COVID-19 (e.g., own illness, caring for one with illness, primary caregiver of child who cannot attend school, lost current job or couldn’t start new job, place of employment closed). However, if you can telework for pay or are receiving paid sick leave or other paid leave benefits, you are ineligible for PUA. PUA pays unemployment benefits for a maximum of 39 weeks (between January 27, 2020 and December 31, 2020) if you are totally unemployed, partially unemployed, or are unable to work. Benefits equal what you would otherwise receive under applicable state law plus the additional $600 weekly payment under FPUC (described subsequently) through July 31, 2020. Benefits are to be paid retroactively and there is no one-week waiting period to receive them.
Does the CARES Act help in other ways for all of us out of work?

The CARES Act increases unemployment benefits in two additional ways: a) increasing the size of the benefit you would otherwise receive under state law; and b) increasing the maximum number of weeks you can receive benefits.

The Federal Pandemic Unemployment Compensation (FPUC) program increases the benefit. FPUC supplements any worker’s unemployment benefits (UI, EB, PEUC, PUA) by providing an extra $600/week benefit (totally federally-financed) between April 5, 2020 and July 31, 2020. The additional benefit is a flat amount, available in full even to those receiving partial UI benefits. Although taxable (like all unemployment compensation) the PUC benefit is not income for purposes of determining eligibility for either Medicaid or CHIP.

- In Connecticut, the maximum weekly UI benefit is $649. Under the CARES Act, this maximum would increase to $1,249/week until the end of July 2020.

The Pandemic Emergency Unemployment Compensation (PEUC) program extends benefit duration. The Act provides an additional 13 weeks of unemployment benefits, paid at the same weekly rate, to any person who has exhausted the number of weeks of benefits to which they are otherwise entitled under state law (Connecticut offers 26 weeks of UI benefits). Extended benefits are available through December 31, 2020. To be eligible, you must be actively engaged in searching for work, although states can be flexible about the work search requirement when you are “unable to search for work because of COVID-19 including because of illness, quarantine, or movement restriction.” If you exhausted the previously available benefits at some point after July 1, 2019, you may need to reapply to get the additional 13 weeks.

Are there other changes in financing UI programs?

Yes! The Act also provides additional federal funding to states for their administrative costs and, in addition, the federal government will:

- Reimburse your state for 100% of the benefits paid to you during the first week of your unemployment if your state has waived its waiting period;
- Reimburse 100% of the extended unemployment (EB) benefits, through December 31, 2020, for those states that have a 10% or higher employment rate compared to the prior year and comply with other beneficiary access requirements.
- Cover 100% of the unemployment compensation paid under a state’s “shared work” or “short-time compensation” (STC) programs and provide $100 million in grants to states to implement, improve and promote STC programs. These programs provide employers with an alternative to layoffs by cutting back employees’ hours instead. Under a STC program, the employee can then receive partial state unemployment benefits as well as the additional $600 weekly FPUC payment through July 31, 2020. So, for example, if you had your hours and wages reduced by 40% as part of an approved STC program, each week you would receive 60% of your regular wages, 40% of your weekly unemployment benefit, and the $600 FPUC payment for weeks ending on or before July 31, 2020. Note: Connecticut has such a STC program; click here for more details.
Under the CARES Act, the federal government also will reimburse 50% of the unemployment compensation paid between March 13, 2020 and December 2020 by certain nonprofits (e.g., religious groups) and state, local, and tribal governments that have opted out of state unemployment insurance.

NOTE: The CARES Act includes $360 million for the US Department of Labor to invest in various programs that provide training and supportive services for dislocated workers, seniors, migrant farmworkers, and homeless veterans, as well as $1 billion in funding for state labor departments to ensure the new Paid Leave and UI benefits are implemented swiftly and effectively (of which Connecticut has received $11.9 million).

For more detail on changes in UI in recent federal law, see:

- National Employment Law Project. *Understanding the Unemployment Provisions of the Families First Coronavirus Response Act*
- Tax Foundation, *FAQs on CARES Act* (discusses the direct individual payments as well as UI changes)

To file for benefits or get questions answered about your eligibility and benefit levels through a Live Chat with someone from the Connecticut Department of Labor (CT DOL) or to view a webinar, click [here](#). Because the CT DOL processes UI claims, and the number of claims filed since the outbreak began has been more than double the prior two years’ worth of claims, DOL until recently had a backlog in determining UI eligibility, despite adding many more DOL staff to do claims processing. BUT, you do not lose money on account of processing delays as your benefits are retroactive to the date of your filing your UI claim. So, if you think you are eligible—file quickly!

**Tapping into Retirement Accounts**

I have funds in a retirement account. What does the CARES Act say about my tapping into these funds to help my family pay its bills?

The CARES Act temporarily loosens current rules on taking distributions from retirement accounts in a couple ways: a) it allows you to access up to $100,000 of retirement savings without a 10% penalty; and b) it doubles the amount that 401(k) participants can take in loans from their account for the next six months to the lower of $100,000 or 100% of the account balance (however, IRAs do not permit such loans). For a helpful comparison of these two options, click [here](#).

Also, for 2020, the Act suspends the required minimum distributions (RMDs) that most retirees are required to take—starting at either age 70 ½ or age 72—from tax-deferred 401(k)s and individual retirement accounts.
**Charitable Donations**

**There are so many needs now in my community. Are there any special benefits included in CARES Act for charitable donations?**

The Act creates two new tax benefits for donors to non-profits: a) allowing a $300 deduction for your charitable donations on your income tax return (which benefits the 9 in 10 taxpayers who do not otherwise itemize their deductions); and b) lifting the cap on how much you may deduct in charitable gifts in a single year if you do choose to itemize.

A bit of history is helpful here. Until the 2017 Tax Cuts and Jobs Act (TCJA), a taxpayer could, in a single year, deduct gifts valued at *no more than half* their adjusted gross income (AGI), with the excess deductible in future years. The TCJA boosted this cap to 60 percent of AGI. The CARES Act now allows you to deduct your *cash contributions to public charities and certain foundations (but not donor-advised funds)* in an amount up to as much as 100% of your 2020 AGI (cutting your taxes). For businesses, the new law also increases the limit on their deduction for cash contributions to these same charities from 10% of their taxable income, to 25% of taxable income.

Because this change *may* accelerate the timing of donations that might otherwise be given over the next several years, this change be a big help to charities that currently are addressing critical needs. However, the impact of this change may be partially offset for wealthy retired taxpayers by the Act’s provision suspending RMDs (since giving some or all of one’s RMD to charity is a way to avoid income tax on it).

**Tax Payments**

**When must I pay my taxes?**

To provide some short-term relief during the outbreak, both the US Internal Revenue Service and the CT Department of Revenue Services have extended the filing and payment deadlines of many individual income tax returns from April 15, 2020 to July 15, 2020. Connecticut also has extended until July 15, 2020, the 1st and 2nd quarter income tax estimated payments, as well as the deadlines for multiple other tax returns. To assist smaller businesses, the state also extended payment of sales tax. Click [here](#) for more details.

**Food Assistance**

**The newspaper is full of articles about folks needing food. What does this Act do about that?**

The CARES Act provides more than $25 billion in supplemental funding for domestic food security programs (in addition to what was provided in the prior federal law), including $15.8 billion in funding for SNAP, $8.8 billion for Child Nutrition Programs to ensure poor children can receive breakfast and lunch while school is not in session, and $450 million for the Emergency Food Assistance Program (TEFAP) to support food banks.
Connecticut is to receive $3.2 million for SNAP, $5.8 million through TEFAP for food to be distributed to food banks, food pantries, and soup kitchens for elderly and low-income residents, some additional funding for child nutrition programs, and $2.4 million in administrative funding for increased distribution costs. On April 13, DSS announced allocation of over $3.8 million of the federal funds to two of the state’s largest food banks – Connecticut Food Bank ($1.9 million for food and $650,000 for administrative costs) and Foodshare (nearly $1 million for food and $300,000 for administrative costs).

In addition, the CARES Act includes funding for the Elderly Nutrition Program to enable the delivery of both congregate and home-delivered meals (through contracts with Area Agencies on Aging) to individuals age 60 or older and persons with a disability under age 60 who live with an older person or in an elderly housing facility with congregate meal sites.

Connecticut is to receive total of $9.1 million for this Program: $5.4 million in the CARES Act, as well as the $2.7 million under the first law ($1.8 million for home-delivered meals, and $900,000 for congregate meals).

The CARES Act also provides, through FEMA’s Emergency Food and Shelter Program, $2.7 million to Connecticut local governments and non-profits serving the homeless and hungry to provide shelter, food, and support to families.

Housing Assistance

For Homeowners

I’m worried about falling behind on my mortgage. What relief is there in the CARES Act?

The CARES Act includes a 60-day moratorium (starting March 18) on lenders initiating foreclosures and processing foreclosure-related evictions of homeowners who have federally-backed mortgages (e.g., FHA, USDA, VA, Fannie Mae, Freddie Mac). Further, such homeowners can request the companies that service their federally-backed mortgages for forbearance on their mortgage payments for up to 12 months, with no fees, penalties, or extra interest.

The CARES Act also requires lenders to report the borrowers who defer or skip loan payments as being “current” on their payments, even though they are not. However, if a borrower was behind on payments before this crisis, s/he can still be reported as delinquent.

NOTE: If your mortgage is not federally-backed, be advised that many Connecticut credit unions and banks have voluntarily agreed to a 90-day grace period on mortgage payments that will allow homeowners to reduce or delay payment to them (with payments due tacked on to the end of the mortgage). These lenders also will provide a streamlined process for requesting and confirming forbearance for COVID-19-related reasons, when supported with available documentation, and provide the opportunity to extend forbearance agreements if faced with continued hardship resulting from COVID-19. These institutions have agreed to waive or refund mortgage-related late fees, as well as other fees—including on early CD withdrawals—for at least 90 days, not initiate any foreclosure sales or evictions for 60 days, and—for those homeowners taking advantage of this
relief—not share information about late or missed payments with credit reporting agencies (that would harm one’s credit score). Depending on the course of the pandemic, deadlines may be pushed even further out. For more information, including the current list of Connecticut lenders who have agreed to mortgage relief and/or forbearance, click here.

**For Renters**

**I’m not a homeowner, but a renter. What if I can’t pay my rent?**

The CARES Act places a 120-day moratorium on evicting renters who live in housing that receives any kind of federal subsidy (e.g., public housing, Section 8 rental assistance vouchers or subsidies, USDA rental housing assistance, and Low-Income Housing Tax credits) and also forbids charging tenants penalties or fees for non-payment of rent for 120 days.

The 120-day moratorium also protects renters living in properties where the owner has a federally-based mortgage loan (such as loans backed by the FHA, Fannie Mae, Freddie Mac, and the USDA). Owners of multi-family rental properties with federally-backed loans are eligible to receive forbearance on their loans for 90 days (during which period they may not evict or charge late fees or other penalties to their tenants for non-payment of rent).

For more detail, see: Congressional Research Service. CARES Act Eviction Moratorium (April 7, 2020).

**NOTE:** Governor Lamont’s Executive Order 7X gives renters impacted by COVID-19 an automatic 60-day grace period for their April rent and an additional 60-day grace period - upon the renter’s request - for May rent. It also bans any landlord from serving a notice to quit or summary process order before July 1, 2020 for non-payment of rent. In addition, if a tenant has paid a security deposit greater than a month’s rent and lost employment or income due to the pandemic, the landlord—upon the tenant’s request—must apply the excess of the security deposit toward rent due in April, May or June 2020 and the landlord cannot thereafter insist that the tenant restore the security deposit to more than a month’s rent any earlier than the end of the public health and civil preparedness emergency or the date the rental agreement is extended or renewed.

**For Those at Risk of Homelessness**

**How are families who are now homeless, or at risk of homelessness, being helped?**

The CARES Act provides $12.4 billion in additional FY 2020 funding for several Department of Housing and Urban Development (HUD) programs to meet emerging housing needs, support existing rental assistance programs, and provide additional administrative capacity and oversight, including for:

- **Community Development Block Grant.** The Act provides up to $5 billion in supplemental funding. Of that sum, $2 billion is to be distributed using the standard CDBG formula that can be used for any allowable CDBG purpose (e.g. expansion of community health facilities, childcare centers, food banks, senior services, as well housing and homelessness needs). $1 billion is to be allocated by HUD directly to states and insular areas “to prevent, prepare for, and respond to” the COVID-19 outbreak, with distribution of the funds taking into account a region’s number of cases compared to the national average, and its economic and housing disruptions.
(up to $10 million of this $1 billion can be used to supplement existing awards and for technical assistance). The remaining $2 billion is to be distributed on a rolling basis directly to a state and units of local government by HUD’s Secretary according to a formula based on factors determined by the Secretary, but prioritizing risk of coronavirus, number of cases compared to the national average, and market and housing disruptions.

- Connecticut’s share at this point is $24.2 million ($8.2 million for the state and $16 million for local governments).

- **Emergency Solutions Grants (ESG).** The Act provides $4 billion for ESG grants (one type of HUD Homeless Assistance Grants) with up to $2 billion of these funds to be distributed to states and local governments using the ESG formula and the remaining $2 billion distributed based on a formula determined by the HUD Secretary that takes into account risk of virus transmission, the number of people experiencing homelessness, and housing market conditions. Funds can be used for: emergency shelters (with relaxed specifications); short- and medium-term rental assistance; homelessness prevention programs and supportive services, as well as temporary emergency shelters; staff training on infectious disease prevention and mitigation; and hazard pay (without such expenses counting against the 10% cap on administrative expenses). A technical assistance set-aside for health care services also is included. Note: The Act states that none of the funds may be used to require homeless individuals to enter treatment or perform any other prerequisite activities as a condition for receiving shelter, housing or other services.

- Connecticut’s Department of Housing is to receive $8.16 million and Connecticut’s local governments $3.829 million under the ESG formula, plus some share of the $2.96 billion in the Act for state/local governments based on the needs-based formula determined by the HUD Secretary. Click here for more details.

- **Housing Opportunities for Persons with AIDS (HOPWA).** The Act includes $65 million for HOPWA, with not less than $50 million to be distributed to eligible states and metropolitan statistical areas using the HOPWA formula, and up to $10 million to organizations administering permanent supportive housing programs with HOPWA competitive grants. Funds can be used to maintain existing assistance, but also to respond to COVID-19, including isolation and relocation expenses to protect people living with HIV/AIDS.

- Connecticut is to receive $510,602 in HOPWA funds.

- **Native American Programs.** The Act includes $300 million—at least $200 million for the Native American Housing Block Grant and up to $100 million for the Indian Community Development Block Grant. While the NAHBG funds can be used to maintain normal operations as well as respond to the outbreak and are allocated to tribes using the existing formula, the ICDBG funds are to be used to respond to the outbreak with the HUD Secretary allocating funds in a noncompetitive process.

- **Fair Housing.** The Act includes $1.5 million for the Fair Housing Assistance Program and $1 million for the Fair Housing Initiatives Program to educate the public and address fair housing issues related to COVID-19.

- **Support for Existing Rental Assistance Programs.** HUD’s rental assistance programs subsidize the difference between what a low-income tenant must pay toward rent and a unit’s actual rent (or operating expenses). When tenants’ incomes decline - as has been occurring with rising unemployment - their rent contributions decline, and federal subsidy costs must increase. The CARES Act provides $3 billion funding to help cover these increased costs as well as additional costs related to the outbreak as follows: a) $1.25 billion for tenant-based rental assistance to be distributed by the HUD Secretary based on need, with $400 million for
increased subsidy costs for housing vouchers and $850 million for the public housing authorities to enable them to keep households living in public housing stably and safely housed; b) $685 million for the Operating Fund to maintain public housing properties and cover new outbreak-related expenses (including health and safety activities for residents, and education and child care needs of impacted families; c) $1 billion to support housing assistance contracts with private landlords for project-based rental assistance households; d) $50 million for Section 202 Housing for the Elderly (with up to $10 million available for service coordinators) and e) $15 million for Section 811 Housing for Persons with Disabilities.

For a description of the housing funding coming to Connecticut, see: Partnership for Strong Communities. CARES Act CT Allocation Update (April 8, 2020).

For more detail, see Congressional Research Service. Funding for HUD in the CARES Act (April 7, 2020).

**Energy Assistance**

I’m worried about paying my electric and gas bills. What help is there?

The Act provides $900 million in grants to states, territories, and tribes to provide urgent energy assistance to help heat and cool the homes of households with incomes at or below 60% of state median income (in Connecticut, $67,530 for a family of four).

- The Connecticut Energy Assistance Program (CEAP) will receive about $11.2 million of these funds. For those applying for help to cover past bills, DSS has extended the application period for CEAP until June 1, 2020. See www.ct.gov/staywarm, call 211, or contact a local community action agency.

IMPORTANT NOTE: the Connecticut Public Utilities Regulatory Authority has barred electric, natural gas, and water utilities from terminating service for non-payment of bills for the duration of the Public Health and Civil Preparedness Emergency declared by Governor Lamont on March 10, 2020. Click here for more details.

**Assistance with Insurance Payments**

I have multiple insurance payments due—on my health insurance, property insurance, life insurance and more. Does the CARES Act help me in any way?

No, but our state government has provided some relief. In Executive Order 7S, the Governor announced at 60-day grace period for premium payments, policy cancellations, and non-renewals of insurance policies if you have sustained a financial loss as a result of COVID-19. From April 1 to June 1, 2020, no insurer may lapse, terminate or forfeit a covered insurance policy because you have not paid a premium. Insurance companies subject to this order include all companies regulated by the Connecticut Department of Insurance that provide coverage in Connecticut to you for life, health, auto, property, casualty and other types of insurance. The grace period also extends to businesses that are group policy holders.
NOTE: The grace period is not automatic. To be eligible, you must contact your broker, agent and/or insurers to provide additional information acceptable to their carriers. You will remain liable for paying the premiums after the grace period. Click here for more details.

IMPORTANT NOTE: For front-line workers (healthcare providers, as well as lab techs, custodial staff, cafeteria workers, security personnel), a new no-cost program is available to you. HealthBridge, a new Massachusetts Mutual Life Insurance Company (MassMutual) life insurance product, has been approved by the CT Department of Insurance to offer no-cost, guaranteed-issue policies to front-line health care workers during the COVID-19 pandemic. If you are employed at a licensed hospital, urgent care center, or with an emergency medical services provider, have a salary under $250,000/year and have exposure to COVID-19 patients you can directly enroll for a no-premium payment 3-year term life insurance policy with a $25,000 death benefit for issue ages 18-50. Workers with issue ages 51 to 60 will receive a no-cost $10,000 death benefit. Click here for more details.

Assistance with Student Loans and Work Study Payments

I’m worried about paying my student loans! Is there any help for me?

The CARES Act requires the US Secretary of Education to defer payments (principal and interest) without penalty on all federally-held student loans for six months (beginning retroactively on March 13 and ending September 30, 2020). It also locks in a 0% interest rate through September 30 and suspends any involuntary collection on defaulted loans (such as by garnishing your wages or by reducing tax refunds or Social Security benefits).

If you are participating in the Public Service Loan Forgiveness Program, you qualify for suspended payments through September 30 without any penalty. If you have a Direct Loan, were on a qualifying repayment plan prior to the suspension and work full-time for a qualifying employer during the suspension, you’ll receive credit in the suspension period as if you were making on-time payments.

If you are participating in the federal work-study program you can continue to receive payments from your school if you cannot work due to workplace closures or other qualifying emergencies. And if you have to drop out of school because of this outbreak, you will have the portion of your student loan taken out for that semester cancelled. If you received a Pell grant or subsidized student loan, it will not count toward your lifetime limit.

The CARES Act also allows your employer to pay up to $5,250 of your qualified student loan payments (principal and interest) without it counting as wages to you (and then being subject to income or payroll tax). This provision applies to any student loan payment made by your employer on your behalf after March 27, 2020 and before January 1, 2021.

For more detail on student loans and work-study provisions in the CARES Act see: Congressional Research Service. CARES Act Higher Education Provisions (April 7, 2020), and Congressional Research Service, CARES Act – Tax Relief for Individuals and Businesses (April 1, 2020).
Did the CARES Act make any changes regarding testing and preventive services for COVID-19?

Yes. It amended the Families First Coronavirus Response Act to clarify that tests for the detection and diagnosis of COVID-19 that the Families First Act said are to be covered without cost-sharing by all private health insurance plans, Medicare, and Medicaid must be covered even if the tests have not yet received FDA emergency use authorization. The CARES Act further specifies that there is to be no balance billing for these tests, and that any laboratory that performs or analyzes test results is to report its results to the Secretary of HHS (§3717). The Act also blocks in 2021 the scheduled payment cuts for clinical diagnostic lab tests furnished to people on Medicare, and delays by a year (until 2022) the reporting period during which labs are required to report private payor data.

The CARES Act also requires all commercial and public health insurance plans that now cover preventative services without cost-sharing to also cover all COVID-related preventive services and vaccines within 15 business days of their receiving an A or B rating from the US Preventive Services Task Force or CDC’s Advisory Committee on Immunization Practices (rather than current practice, which is to cover them in the next plan year beginning a year after the decision)(§3203). This ensures that once a vaccine is developed and approved, it immediately will be free for people with such plans.

Did the CARES Act change make any changes to my Medicare coverage?

Yes. The two important changes are:

- **Vaccines.** Part B of the Medicare program (Medicare and Medicare Advantage) must cover COVID-19 vaccines without any cost-sharing or application of a deductible. Note: without this change, approved vaccines would be covered under Medicare Part D, but then also would be subject to cost-sharing and formulary limits.

- **Medication refills.** So you can stock up on an important prescription, the Act requires Medicare Part D plan sponsors to allow you to get a single fill (or refill) of an up to 90-day supply of one of your prescription drugs on a one-time basis during this emergency, without utilization management restrictions.

How about CARES Act changes to Medicaid?

Yes, important changes that the Act made include:

- **Clarifying the scope of the new Medicaid option to provide no-cost COVID tests to the uninsured.** The Families First Coronavirus Response Act created a new Medicaid state option to cover the costs of testing and test-related services for uninsured individuals during the emergency
period—with a 100% federal match for costs incurred. The CARES Act clarifies that adults without dependent children who are living in states that have not adopted the ACA Medicaid expansion are to be considered uninsured, as are persons enrolled in Medicaid programs that do not provide “minimum essential coverage” (e.g., individuals enrolled for treatment of specific conditions, or impoverished pregnant women). This new Medicaid option, if adopted by a state, would ensure no-cost testing for these individuals with 100% federal reimbursement.

- **Clarifies coverage of COVID-19 testing products.** The Act clarifies that diagnostic products, even if not approved, cleared, or authorized by the FDA, are to be covered under Medicaid without any cost sharing during the emergency period so long as the state in which you live has assumed responsibility for validity of the tests.

- **Impact of cash assistance provisions on eligibility.** The CARES Act makes clear that the $600/week supplement to Unemployment Insurance payments, as well as the “Recovery Rebates” of up to $1,200/adult and $500/child up to age 17 do not count as income for purposes of determining eligibility for Medicaid, CHIP, the Health Insurance Exchange program, or other public benefit programs.

**NOTE:** On March 14, 2020, U.S. Citizenship and Immigration Services (USCIS) issued an alert clarifying that testing, treatment, or preventive care related to COVID-19 (including the administration of a vaccine) will not be considered in a “public charge” admissibility assessment, even if the health care services are provided by Medicaid. While this guidance is helpful, it remains uncertain how USCIS will ensure its implementation, including how it will treat COVID-19-related services sought prior to the date it issued the alert. Since Emergency Medicaid is not factored into the public charge assessment, COVID-19–related services should not be taken into consideration for purposes of whether an applicant for a visa or adjustment of immigration status is likely to become a public charge.

**Are there other healthcare-related changes in the CARES Act that might impact me?**

Yes, if you have a tax-favored health savings account (HSA or Archer MSA), a health reimbursement account (HRA), or health flexible spending arrangements (FSA) you can now be reimbursed for non-prescription drugs and menstrual care products. Drug/medicines do not have to be prescribed to be eligible for reimbursement. The change is effective for amounts paid after Dec. 31, 2019 (§3702).

**Financial assistance for healthcare providers**

Our hospitals, healthcare providers, and emergency responders are all racking up huge costs to address this public health crisis. What help is the federal government providing to them in the CARES Act?

The CARES Act provides help in multiple and diverse ways. They include:

**Direct funding for healthcare providers from the Public Health and Social Services Emergency Fund (aka Provider Relief Fund).** The Act’s $127 billion in funding for the Public Health and Social Services Emergency Fund includes $100 billion in direct funding for healthcare providers for expenses or lost revenues attributable to COVID-19 that are not reimbursable by any other source (such as insurance). (These funds are in addition to the $3.4 billion included in the Coronavirus Preparedness and Response Supplemental Appropriations Act).
This $100 billion may be used for: building temporary structures; leasing property; purchasing medical supplies and equipment (including PPE and testing supplies); increasing the workforce and training expenses; emergency operation centers; retrofitting facilities and surge capacity, and foregone revenue from cancelled procedures. Further, after choosing not to create a special enrollment period in the federal health insurance exchange that serves 38 states to help newly uninsured workers, in guidance issued in early April DHHS announced these funds also could be used to cover providers’ costs for providing COVID-19 care to the uninsured. Reimbursement for such care will be at Medicare rates and providers are banned from billing patients for more than this.

DHHS is taking applications for funds on a rolling basis, with funds available until expended and to be paid by the “most efficient payment systems practicable.” “Eligible” healthcare providers include public entities, Medicare- and Medicaid-enrolled providers and suppliers, and such not-for-profit and for-profit entities as DHHS deems appropriate that provide diagnosis, testing, and/or care for COVID-19. Recognizing the urgency of delivering funds quickly, $30 billion of the total was to be sent to eligible providers via direct deposit starting April 10.

NOTE: these are payments, not loans, to healthcare providers and will not have to be repaid. However, as a condition to receiving these funds, providers must agree not to collect out-of-pocket payments from a patient with a “possible or actual case of COVID-19” that are greater than what the patient would otherwise have been required to pay if the care had been provided by an in-network provider—i.e., there is to be no “surprise billing.” For all the conditions placed on the use of these funds, click here. Of the first round of funding of $30 billion, Connecticut providers have received an estimated $378 million, of which UConn Health received $7.7 million.

For more detail about how this initial $30 billion is being allocated, as well as how the remaining $70 billion will be, click here. For critique of these funds being distributed to hospitals based on their share of 2019 Medicare fee-for-service disbursements rather than the number of their COVID cases, click here (e.g., New York receives $12,000/COVID-19 case, while Minnesota, Nebraska, Montana receive more than $300,000/case).

**Additional funding through the Act’s changes in Medicaid and Medicare financing.** The CARES Act makes the following changes:

- **Eliminates scheduled cuts to Disproportionate Share Hospital (DSH) funding.** The Act eliminates $4 billion in Medicaid DSH cuts in FY2020, reduces the FY 2021 DSH cut to $4 billion (from $8 billion), and delays the FY 2021 cuts until December 1, 2020. Additional cuts are not added after the current end-date of FY 2025.

- **Increases payment rates for COVID-19 care.** The Act provides for a 20% increase in the DRG rate for treating patients with COVID-19 in rural and urban inpatient prospective payment system hospitals to cover the increased costs that are being incurred by providers. The increased rate will be applied for the duration of the COVID-19 emergency (§3710).

- **Expands Medicare’s Accelerated and Advanced Payment Program.** To increase cash flow for those healthcare providers during the pandemic, the Act expands this Program to a broader group of Medicare providers for the duration of the public health emergency. Medicare Part A providers (acute care hospitals, critical access hospitals, children’s hospitals, and prospective-payment exempt hospitals) and Part B providers (physicians, non-physician practitioners, and durable medical equipment suppliers) may request accelerated and advanced Medicare
reimbursements. Under this Program, rather than having to wait until claims have been processed to receive payment, most providers can request up to 100% of their estimated Medicare payment amount for a three-month period. However, certain hospitals (inpatient acute care, children's and certain cancer) can request 100% of their Medicare payment amount for a six-month period, and critical access hospitals can request up to 125% for a six-month period.

- **Eliminates the Medicare sequester from May 1 through December 31, 2020.** This effectively adds an additional 2% for Medicare services provided during this period (§3709).

**NOTE:** The payments mentioned within the **Expands Medicare’s Accelerated and Advanced Payment Program section are loans, not grants; any sum in excess of the amount that the provider actually bills Medicare over the period of the loan must be repaid. However, the Act also extends the repayment periods: inpatient acute care hospitals, children’s hospitals, certain cancer hospitals, and critical access hospitals have up to 120 days to start paying back whatever is owed, and at least 12 months to pay any outstanding balance in full (currently, full recoupment is required within 90 days), while other Part A and B providers have 210 days from the date of payment to repay the balance. (§3719). For more details, click [here](#). In early April, CMS made $34 billion in advanced payments to providers. This sum is in addition to the grants made from the Public Health and Social Services Emergency Fund (discussed earlier).

**Nursing Home funding.** Nursing homes can receive direct funding from the Public Health and Social Services Emergency Fund, as discussed above. In addition, Medicare has waived the requirement for a three-day prior hospitalization for Medicare to cover skilled nursing services.

- Connecticut’s Office of Policy and Management estimates that the state’s nursing homes may receive as much as $27 million from the Emergency Fund, and that waiver of the three-day hospitalization requirement will mean that 75% of symptomatic COVID-positive nursing home residents can shift to Medicare coverage at the Medicare per diem (estimated by DSS at $536/day). In addition, the state implemented a 10% Medicaid rate increase for nursing homes for the period April 1-June 30, 2020 and—for facilities designated COVID-Recovery Facilities or Alternate COVID Recovery Facilities—will pay a COVID-specific, cost-adjusted Medicaid reimbursement rate of $600 per bed per day to care for patients with COVID-19. In addition, the state is providing: a) an across-the-board rate increase for a nursing homes’ non-COVID beds retroactive to March 1; b) an additional across-the-board rate increase of 5% (so a total rate increase of 15%), for non-COVID beds for the period April 1 through June 30; c) a $400/day reimbursement rate for COVID-positive residents in skilled nursing facilities that have not been designated as COVID Recovery facilities.

**Community Health Center funding.** The Act appropriates $1.32 billion in new funding just for federally-qualified community health centers, with funds available until November 2020. The Act also allows these community health centers to apply for funding from the $100 billion Emergency Fund that is available to all eligible healthcare providers (§3211).

- Connecticut has received $15.9 million from HRSA that DSS distributed to our 16 centers. Total funding for federal funding to date per clinic (from the two funding bills) ranges from $534,000 to $2.29 million. Click [here](#) for more details.

**Home and Community-Based Services.** The Act gives states the option of continuing to provide home and community-based services (including attendant care) to persons admitted to acute care
hospitals (so long as the services are included in the individual’s care plan and are not duplicative of hospital services). This option can help ensure smooth transitions between acute care settings and the community and preserve a patient’s functional abilities. During the emergency, the Act reduces requirements for face-to-face evaluations for home dialysis patients. It also makes a permanent statutory change that expands the ability of physician assistants, nurse practitioners, and certified nurse specialists to order home health services for persons on Medicare and Medicaid, without the need for a physician’s order (§3708). This will reduce delays and increase patients’ access to care in the safety of their homes.

**Hospice Care.** The Act provides additional flexibility in a patient gaining access to hospice care by allowing a hospice physician or nurse practitioner to certify (and recertify) a patient’s eligibility via telehealth (rather than in person) for the duration of the emergency.

**Telehealth.** The Act includes $29 million for each of FYs 2021 through 2025 to fund telehealth network and resource center grants and relaxes some of the grant requirements. The Act also modifies existing law to enable increased access to telehealth services during emergencies, including by waiving the requirement that a provider must have treated the patient in the last three years to provide a telehealth service and by allowing health centers to provide telehealth services to patients in their homes and other eligible locations (and providing reimbursement at a rate similar to payment for such services under the physician fee schedule) (§§3212, 3701, 3703-3707).

Also, under the Act CMS can pay for 80 additional Medicare services when furnished through telehealth (including emergency department visits, initial nursing facility and discharge visits, and home visits when provided by a clinician allowed to provide telehealth), click here. Providers can evaluate Medicare recipients who only have audio phones. To support providers’ use of telehealth services to combat the pandemic, the Act includes $200 million for the FCC. For FCC guidance on how to apply, click here.

**Small business loans.** Small (under 500 total employees) for-profit and not-for-profit hospitals and health care providers are eligible for small business loans under the Act’s Paycheck Protection Program. The loans may be up to $10 million and can be used to pay salaries, leave and health benefits, rent, retirement obligations, and state and local taxes. The loans can be forgiven for employers who keep employees on the payroll. The Small Business Administration (SBA) has broad discretion, in its determination of the organization’s size, to take into account whether it is operating as part of a larger organization. This discretionary determination of “affiliation” may be used, for example, to deny loans to Planned Parenthood and other organizations disfavored by the current administration. For more background on SBA stimulus assistance in the CARES Act and earlier relief efforts, see Congressional Research Service, *COVID-19 Stimulus Assistance to Small Businesses: Issues and Policy Options* (April 6, 2020).
Other Financial Assistance to Connecticut’s State and Local Governments

Early Care, K-12, and Higher Education

What help does the CARES Act provide to our K-12 and higher education systems?

The Act appropriates $30.75 billion for the new Educational Stabilization Fund that is designed to provide emergency support to states, school districts, higher education institutions and other educational entities for outbreak-related costs while continuing to educate students.

The Act includes a maintenance of effort requirement: states cannot cut funding to their schools in FY 2020 and 2021 below their average support for the preceding three years (although the Secretary of Education can waive this requirement if the state has “experienced a precipitous decline in financial resources.”) In addition, any entity receiving money from this Fund must continue to pay its employees and contractors to the extent practicable during the period of any school disruptions or closures.

The Act also provides additional flexibility to schools. For example, states may seek a waiver of the state assessment and accountability provisions of the Elementary and Secondary Education Act (ESEA) and as of April 1, nearly every state had received one for the 2019-2020 school year. Connecticut’s waiver was granted on March 27.

For our State Department of Education (SDE) waiver request click here. For its approval, click here. For more details re allowable waivers (which may not include waiver of civil rights laws), click here.

The Education Stabilization Funds are to be distributed in three ways:

- **Elementary and Secondary School Emergency Relief Fund.** The Act includes $13.5 billion in K-12 formula grants to states. Funds are to be distributed to states based on their share of ESEA Title 1-A funds. States are then to distribute 90% of these funds to school districts and public charter schools based on their share of Title I-A funds. Funds are to be used for outbreak-related activities such as coordinating long-term school closures, purchasing educational technology for online learning for all students, as well as addressing the unique needs of low-income students, homeless students, English language learners, students of color and students in foster care. The state can reserve up to 0.5% of its total fund for administrative costs. SDE may use the state’s remaining funds for grants/contracts to meet emergency needs. The US Department of Education must distribute an application for these funds within 30 days of enactment of the Act and distribute funds within 30 days of receipt of the state’s application.
  - Connecticut is to receive $111.1 million that SDE is to disburse to districts in 60 days.

- **Governor’s Emergency Education Relief Fund.** $3 billion is to be shared among states (60% based on the relative number of 5-24 year olds in the state and 40% based on the relative number of children under 21 as defined by the ESEA). These funds are to be used, at the Governor’s discretion, for emergency support grants to their K-12 schools and public higher education institutions that are significantly impacted by coronavirus or needing support to provide emergency educational services. The funds cannot supplant the state’s current aid to its schools.
Connecticut is to receive $27.9 million that the Governor will decide how best to disburse to school districts and/or higher education institutions. For SDE’s summary and FAQs about the CARES Act’s education provisions, click here. For the many, many COVID-19 era resources SDE has posted for student learning, families, and educators, click here.

**Higher Education Emergency Relief Act.** $14.25 billion is included in the Act for emergency relief to colleges and universities in each state, with 90% of the funds to be distributed among states via a formula (75% based on the share of FTE students on Pell grants and 25% on non-Pell FTEs, but excluding students exclusively enrolled online prior to the outbreak). At least 50% of any institution’s funds must be used to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to the outbreak (e.g., technology, food, housing, course materials, health care and child care). The remainder of the funds are to be used to “prevent, prepare for, and respond to coronavirus,” including replacing lost revenues and covering technology costs associated with the switch to on-line learning.

Connecticut is to receive approximately $130 million, with $28.5 million for its community colleges, $26.1 million for the Connecticut State Universities, $21.5 million for UConn and the balance for the state’s private colleges/universities (e.g., of this sum, Yale receives $6.85 million, with at least $3.42 million for emergency financial aid grants to its students).

For more detail on this part of the Act see: Congressional Research Service, *CARES Act Higher Education Provisions* (April 7, 2020), click here. For a list of all allocations among colleges and universities, click here.

**What funding does the CARES Act provide for early care and education programs?**

- **Child Care and Development Block Grant.** The Act includes $3.5 billion in supplemental funds to support child care centers and provide child care for first responders, health sector workers, sanitation workers and other workers deemed essential. These funds can be used to provide subsidies directly to essential workers, to reimburse providers directly, to open emergency child care centers, and/or keep providers from going out of business.

  Connecticut is to receive $23.3 million, to be used by the Office of Early Childhood for the Care4Kids program. It will provide continued payments and assistance to child care providers with decreased enrollment (or closures) to assure they can remain open (or will reopen). Providers are to be encouraged to continue to pay staff and provide child care to essential workers without regard to income eligibility.

- **Head Start.** The Act includes $750 million in funding to promote school readiness among low-income children by meeting emergency staffing needs.

  Connecticut is to receive $5 million that the Office of Early Childhood will distribute among Head Start programs based on their enrollment.
What other funding does the CARES Act provide to Connecticut’s state and local government to address the significant new expenses it is incurring?

**Disaster Response Funds**

**Coronavirus Relief Fund (§5001).** The CARES Act includes $150 billion for direct grants by the Secretary of the Treasury to states, tribal governments, and local governments. Of this $150 billion, $3 billion is reserved for grants to U.S. territories and the District of Columbia, and $8 billion for grants to tribes. The remaining $139 billion is aid to state and local governments. States are to receive a minimum payment of $1.25 billion each, and the remaining $76.5 billion is allocated proportionately based on a state’s share of the total US population (minus the population of DC and the territories). Localities within a state with population over 500,000 can apply for a direct payment which, if granted, is deducted from the state’s allocation (there is no requirement that states share their funds with smaller municipalities).

Relief funds must be used for necessary new COVID-19 outbreak-related expenditures incurred by state and local governments between March 1, 2020 - December 31, 2020 that are not accounted for in their current budgets. The Treasury must release funds within 30 days of the law’s enactment (upon receipt of the state’s letter requesting the funds and certifying as to their proposed uses).

- Connecticut is to receive about $1.382 billion from this Fund that will be used by various state agencies to cover COVID-19 related costs (but which cannot be used to address the state’s huge loss in tax revenues resulting from this outbreak). Connecticut has three eligible localities that could claim 34% of the state’s total allocation (i.e., $469 million).

For more details, see Congressional Research Service, *The Coronavirus Relief Fund (CARES Act, Title V): Background and State and Local Allocations* (updated April 14, 2020).

**NOTE:** The CARES Act helps State and local governments in another significant way. Section 4003 authorizes use of Federal Reserve capacity to support up to $500 billion in debt issued by state and local governments (one element of its actions to provide up to $2.3 trillion in loans to support the economy). A similar fund, the State Fiscal Stabilization Fund, was created during the 2007-2009 recession by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5). The State Fiscal Stabilization Fund provided $54 billion to state and local governments, most of which was targeted to certain types of education spending. For more details on the Federal Reserve’s current actions to counter the economic impact of the pandemic, and here, and see: Congressional Research Service, *Federal Reserve: Emergency Lending in Response to COVID-19* (April 17, 2020).

**Disaster Relief Fund.** The Act also provides $45 billion to this Fund that is the primary source of funding for the federal government’s domestic general disaster relief programs. These programs, authorized under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended (42 U.S.C. 5121 et seq.), support state, local, tribal, and territorial governments as they respond to and recover from a variety of incidents and take effect when nonfederal levels of government find their own capacity to deal with an incident is overwhelmed. CARES Act funding will be used to expand the Federal Emergency Management Agency (FEMA)’s information technology and communications capabilities and build its capacity for coordination, as well as to help state, local, tribal, and territorial governments respond to the pandemic (including for medical response, personal protective equipment [PPE], National Guard deployment, logistics coordination). $25 billion of the $45 billion is for states
in which major disasters have been declared under the Stafford Act (as Connecticut has been) and $15 billion for all purposes authorized under the Act (that may be used in addition to amounts designated by Congress as being for disaster relief). Authority for making these funds available is based on the President’s March 13, 2020 declaration of national emergency and the state emergency declaration requests. For an overview of this Fund, see Congressional Research Service, *The Disaster Relief Fund: Overview and Issues* (November 22, 2019).

**National Guard assistance.** The CARES Act includes $1.4 billion for National Guard deployments, to sustain 20,000 Guard members in supporting state and local response efforts, under the direction of the Governors of each state, for the next six months.

**State Public Health Infrastructure and Response Funds**

No less than $1.5 billion of the $4.5 billion appropriated by the CARES Act for use by the CDC is to support the nation’s state, local, and tribal public health departments’ crisis response work, including surveillance, epidemiology, lab testing, infection control and mitigation, communications and other preparedness and response actions. These CARES Act funds are in addition to the $950 million appropriated for similar purposes in the first COVID-19 appropriations package.

- Connecticut’s share is estimated to be $15.4 million ($7.6 million through CDC’s Cooperative Agreement for Emergency Response Fund, $7.8 million through Minimum CDC Grant funds). As of April 6, $9.3 million was available to Connecticut. Click [here](#) for more details.

**Federal Funding for Community Services**

**Community Services Block Grant.** The Act provides $1 billion of additional funding to help local community-based organizations provide emergency assistance and social services to those with highest need.

- Connecticut is to receive $11.9 million in grants to Community Action Agencies (with income eligibility for services being increased to 200% of the federal poverty level from 125%). Connecticut also will get some share of an additional $5 billion to be distributed by formula through this block grant.

**Aging and Disability Services Programs.** The Act provides $955 million for these programs, including $820 million for activities authorized under the Older Americans Act (OAA)($200 million for supportive Home and Community Based Services; $480 million nutrition services, $100 million for support services for family caregivers, $20 million for Native Americans seniors and $20 million for the OAA Ombudsman Program to protect elder rights). The balance is for aging and disability resource centers ($50 million), and centers for independent living ($85 million). Services will be delivered through contracts with Area Agencies on Aging (AAAs) to enable persons 60 and older to live independently in their homes and communities, with preference given to those with greatest economic or social needs.

- Connecticut’s share of supportive services funds is $2.2 million. Funding for congregate and home-delivered meals totals $5.4 million (in addition to the $2.7 million received under the first federal COVID act, discussed earlier). In addition, Connecticut receives $1.2 million of additional funding through the Family Caregivers Program (that supports the needs of informal, unpaid family caregivers), $231,740 for
elder rights protection activities, and $972,120 for its five community-based independent living centers for persons with disabilities.

**Family Violence Prevention and Services.** The Act provides $45 million for additional support to family violence shelters and $2 million for the National Domestic Violence Hotline.
- Connecticut is to receive $373,987.

**Child Welfare Services.** The Act provides $45 million for grants for states, territories and tribes to support the child welfare needs of families in this crisis and help keep families together.
- Connecticut is to receive $283,606.

**Runaway and Homeless Youth.** The Act provides $25 million for additional assistance to current grantees providing critical services and housing for these youth. For more details on this program see, Congressional Research Service, *Support for Homeless Youth in the Context of COVID-19: A Brief Overview* (April 1, 2020).

**Election Security Funds**

The CARES Act provides $400 million in new Help America Vote Act (HAVA) emergency funds that are made available to states to respond to the COVID-19 in preparing for the 2020 election cycle. Funds can be used for a variety of measures (e.g., increasing the ability to vote by mail, expanding early voting and online registration, and increasing the safety of in-person voting by providing additional polling places and more poll-workers). The Act also states that states cannot change the day of the general election in 2020. Within 20 days of any election, states must report to the Election Assistance Commission how they spent their funds. For guidance on use of these HAVA funds, click here.
- Connecticut is to receive $5.38 million of this funding to be used by the Secretary of the State through December 31, 2020 to increase election security measures and access to the ballot box. With a state match of $1.08 million, the total amount available is $6.46 million.

**Other New Federal Funding That Can Benefit States**

**Transportation.** The Act includes $25 billion for the nation’s transit systems, including about $1 billion to continue Amtrak operations in the Northeast Corridor and long-distance routes, with states getting a portion of this to help meet their match obligations on state-supported routes.
- Connecticut is to receive $489 million of these mass transit funds, as well as some portion of the total funds added to the federal Urbanized Area Formula Funding Program ($211.5 million), the State of Good Repair (SGR) Grants Program ($174.4 million), the Formula Grants for Rural Areas Program ($9 million), and the High-Density Population and Growing States Program ($93.8 million)

The Act also provides an aggregate of $60 billion in grants for the airline industry as well as up to $25 billion in loans and loan guarantees.

**Criminal Justice.** The Act provides $850 million in additional Byrne/Justice Assistance Grants funding to states and municipalities to support their criminal justice programs, including for the purchase of personal protective equipment for state and local law enforcement.
Connecticut is to receive $5.9 million in state and $2.8 million in local grants.

**The Arts.** The CARES Act includes funding for the National Endowment for the Arts and the National Endowment for the Humanities.

- Connecticut’s share, to be awarded to regional nonprofit arts organizations for the NEA grants and to non-profit cultural and education programs for the NEH grants, is $447,100 (from NEA) and $486,100 (from NEH).

**Legal Services.** The CARES Act provides $50 million for the Legal Services Corporation (LSC) to meet civil legal aid needs for low-income Americans. LSC plans to make $2 million available to legal aid programs around the nation for technology upgrades to allow remote work. The balance will be divided among legal aid programs around the country, using a formula based on the number of people living in poverty and the number of confirmed COVID-19 cases in the program’s service area. This funding can help provide legal assistance to low-income clients facing job losses, eviction, domestic violence and consumer scams resulting from COVID-19.

**Corporation for Public Broadcasting.** $75 million is included to make fiscal stabilization grants to public television and radio stations that are facing declines in non-federal revenues to help them maintain programming and preserve small and rural stations.

**Assistance for the Federal Public Health Response**

The COVID-19 pandemic has demonstrated how unprepared the United States was! What does the CARES Act do to help shore up on public health infrastructure after multiple years of funding cuts?

**Public Health and Social Services Emergency Fund**

The more than $127 billion in the CARES Act appropriated for this Fund at DHHS, includes:

- $27 billion in funding (through September 2024) to be used by the HHS Secretary for the development of needed countermeasures and vaccines and the purchase of vaccines, therapeutics, diagnostics and medical supplies to meet public health need and provide support for surge capacity, telehealth access and infrastructure. Included in this sum is: a) not more than $16 billion to purchase products for the Strategic National Stockpile; b) not less than $250 million for grants and cooperative agreements for the Hospital Preparedness Program, c) not less than $3.5 billion for the Biomedical Advanced Research and Development Authority (BARDA) to help advance the construction, manufacture, and purchasing of vaccines and therapeutics; and d) $1.5 million to fund the writing of a report by the National Academies of Sciences, Engineering and Medicine that examines, reports on, and provides recommendations about the medical product supply chain. The CARES Act also states that the HHS Secretary shall not take actions that delay the development of vaccines, therapeutics and diagnostics and may take measures authorized under current law to ensure that products developed using these funds will be affordable in the commercial market.

- $275 million in funding for the Health Resources and Services Administration (HRSA) to increase health system capacity to respond to COVID-19 to be distributed as follows: $90
million for the Ryan White HIV/AIDS program; $5 million to poison control centers; and $180 million to HRSA for various telehealth and rural health initiatives (with funding available until September 30, 2022).

As discussed earlier, the Fund also includes $100 billion to pay eligible healthcare providers for their COVID-19 related health care expenses or lost revenues (e.g., from delaying elective surgeries).

- On April 10, Connecticut received $380 million from this Fund.

**Funding for other federal public health entities**

The CARES Act also includes funding for such other purposes as:

- **CDC.** $4.5 billion to the CDC that will be used (in addition to the $1.5 billion for state and local health departments discussed earlier) as follows: a) no less than $500 million for global disease detection and emergency response; b) no less than $500 million for public health data surveillance and analytics infrastructure modernization; and c) $300 million to be transferred to and merged with the amounts in the Infectious Disease Rapid Response Reserve Fund. Note: CDC is required to report to the House and Senate Committees on Appropriations on its development of a public health surveillance and data collection plan for coronavirus within 30 days of enactment.

- **NIH.** $945 million to various of the Institutes in the National Institutes of Health for research on the prevalence of COVID-19, its transmission and natural history of infection, approaches to diagnose current and past infection, and development of countermeasures for prevention and treatment in the stages of its infection with the majority ($706 million) going to the National Institute of Allergy and Infectious Diseases.

- **Indian Health Service.** $1.032 billion to the Indian Health Service for surveillance, testing capacity, public health support, telehealth, and purchased/referred care;

- **SAMHSA.** $425 million to the Substance Abuse and Mental Health Services Administration, including no less than $250 million for certified Community Behavioral Health Clinics; $100 million for emergency response grants; $50 million for suicide prevention programs, and $15 million for the Indian Health Service;

- **CMS.** $200 million to the Centers for Medicare and Medicaid Services (CMS), half of which is to be used for infection control surveys for facilities where there is high risk of contracting and having severe illness, prioritizing nursing homes in localities with community transmission;

- **FDA.** $80 million to the FDA for additional salaries/expenses for reviewing emergency use authorizations and pre- and post-market work on medical countermeasures, therapies, vaccines, and research; advance manufacturing for medical products; monitoring medical supply chains and shortages of critical medicines; and enforcement work on counterfeit and misbranded products;

- **VA.** Nearly $17 billion to cover the increased COVID-related costs of caring for veterans in VA hospitals, ERs, and community urgent care clinics (including overtime for clinical staff, purchase of PPE, test kits, and other necessary equipment) as well as close to $5 billion for the Defense Health Program for its operation and maintenance, as well as research to prevent, prepare for, and respond to coronavirus.
**Augmenting federal public health personnel**

- **Ready Reserve Corps.** The CARES Act includes the statutory authority to provide pay and benefits for a US Public Health Service Ready Reserve Corps (a cohort of reserve officers to supplement the US Public Health Service Corps that was authorized by the ACA, §3214). The Act also grants the DHHS Secretary additional flexibility to assign members of the National Health Service Corps to new service locations during the COVID-19 pandemic so long as the new location is a reasonable distance from their current posting and they consent (§3216).

- **Good Samaritan protections.** The Act protects volunteer health care professionals from being liable – under federal and state law – for any harm unintentionally caused by providing healthcare services during this public health emergency, with some limits (§3215).

**PPE, Tests, and Essential Drugs**

I’ve been struck by the shortages of COVID-19 tests, personal protective equipment (PPE) and other essential products to help respond to this pandemic. Will the CARES Act help?

The Act includes $1 billion for the Department of Defense under the Defense Production Act to invest in manufacturing capacity to increase production of PPE over a 2-year period.

In addition, various sections of the Act address supply shortages:

- **Strategic National Stockpile.** Requires the Strategic National Stockpile to stock PPE and ancillary medical supplies; supplies necessary for the administration of drugs, diagnostic tests, vaccines and other biologic products and medical devices; and declares NIOSH-approved respirators can be used as medical countermeasures in a public health emergency under the Public Readiness and Emergency Preparedness (PREP) Act (§§3102, 3103);

- **NAS study.** Directs HHS to commission a report by the National Academics of Sciences, Engineering and Medicine that evaluates and provides recommendations on the medical device and pharmaceutical supply chain (with an emphasis on critical drugs and devices, domestic manufacturing, and improved information sharing to mitigate future disruptions) (§3101);

- **Reporting drug shortages.** Adds drugs critical to pandemic response (and the “active pharmaceutical ingredients” of these drugs) to the list of “life-saving drugs” for which the Food, Drug and Cosmetic Act (FDCA) requires manufacturers to report shortages and disruptions of supply and also requires manufacturers of these lifesaving drugs to develop contingency and redundancy plans to avoid such disruptions (§3112);

- **Reporting medical device shortages.** Adds a new section to the FDCA to prevent and respond to shortages of critical medical devices in a public health emergency by imposing similar reporting requirements at least six months in advance of any discontinuance of manufacture or interruption that would lead to meaningful disruption in supply. Also requires the Secretary of HHS to maintain a publicly-available “shortage list,” and authorizes expedited inspections and review of manufacturers and medical devices to ameliorate any shortage (§3121);

- **FDA review.** Requires the FDA to prioritize and expedite its review of applications, and expedite its inspections of facilities, in cases of shortages of life saving drugs (§3111);
- **Blood supply.** Authorizes a national public awareness campaign to increase blood donations to ensure an adequate supply of blood (§3226);
- **Treatment beds for the military.** Provides $1.5 billion to nearly triple the 4,300 beds that have been available in military treatment facilities.

**Accountability**

What ensures that funds included in the Act will be spent as Congress intended?

The Act provides $80 million to support a new Pandemic Response Accountability Committee to provide transparency to the public and coordinate oversight of funds provided in this legislation. For a review of its organization, duties, and measures to assure accountability and transparency through a “user-friendly, public-facing” website, see: Congressional Research Service, *The Pandemic Response Accountability Committee: Organization and Duties* (April 17, 2020).
CONCLUSION

As large, and encompassing, as this federal response to the COVID-19 outbreak may seem, it is not enough, even if it is swiftly and flawlessly implemented.

It is not enough to address the multiple challenges of ensuring that the states, and nation, can relax current restrictions safely, enable shuttered businesses to re-open, and truly stimulate our economy.

It is not enough to narrow the divides that this pandemic has dramatically expanded as it falls disproportionately on those of us who are poor, uninsured, immigrant, African-American, Latino or Native American, homeless, laid off or working in lower-income “essential” jobs with high COVID-19 exposure risk, and more.

It is not enough to address the decades of funding cuts to the nation’s and our state’s public health infrastructure that crippled our current response, and threaten our response in the future.

And it provides no funding at all to offset the dramatic revenue losses our states and cities are experiencing as income and sales tax revenues precipitously fall, threatening existing programs and services.

As Congress and the Administration mull what the federal government should next do, addressing these gaps (and more) is essential. All of our lives are at stake.
EPILOGUE

THE PAYCHECK PROTECTION PROGRAM AND HEALTH CARE ENHANCEMENT ACT (P.L. 116-139) – STILL NOT ENOUGH

Just short of a month after passage of the CARES Act—at $2.2 trillion, the largest relief legislation in the nation’s history—our Congress passed and, on April 24, 2020 the President signed, the fourth measure to try to stem the many harms being caused by the COVID-19 pandemic.

Some now call the Paycheck Protection Program and Health Care Enhancement Act (PPPHCEA) “CARES 3.5” since more than 80% of its $484 billion in new spending replenishes funding for the CARES Act’s small business assistance programs ($381 billion), and 15% replenishes the CARES Act’s Provider Relief Fund ($75 billion). The balance creates a new funding stream for COVID-19 testing ($25 billion) and helps fund oversight by the Inspector General of the US Department of Health and Human Services of all funds appropriated under this newest Act ($6 million).
The PPPHCEA has two Divisions. Division A provides additional assistance to small business. Division B provides additional emergency appropriations for COVID-19 related healthcare and testing. Key elements of are summarized in this piece.

**Division A – Small Business Programs**

**Paycheck Protection Program (PPP)**

The Paycheck Protection Program (PPP) was established by the CARES Act (P.L. 116-136) to promote the survival of smaller firms that could not—during this steep and sudden economic downturn—finance themselves through traditional means, such as by raising money in the markets or borrowing from banks under existing credit lines.

The PPP provides a 100% government/Small Business Association (SBA)-backed loan guarantee for “covered loans” of up to $10 million with a two-year term and a 1% interest rate. Loans are available for small (i.e., generally under 500 employees) businesses, 501(c)(3) nonprofit organizations, and 501(c)(9) veterans’ organizations, as well as sole proprietors, independent contractors, and eligible self-employed individuals who have been adversely affected by COVID-19. “Covered loans” are loans made to eligible recipients from February 15, 2020 through June 30, 2020.

Loan funds may be used to cover a firm’s payroll costs, costs related to continuation of health benefits during periods of paid leaves, employee salaries, commissions, or similar compensations, mortgage payments, rent, utilities and more. Covered loans are nonrecourse, meaning that the SBA may not pursue collection actions against recipients for nonpayment except to the extent loan funds are used for unauthorized purposes. Further—and importantly—the CARES Act provides for the forgiveness of the loan in an amount equal to the amount the borrower spent on payroll costs (and on certain mortgage interest payments, rent payments and utility costs) during an 8-week period after the loan’s origination date. At least 75% of the amount forgiven must be for payroll expenses. This forgiveness is reduced proportionately according to specified formulas related to the borrower’s retention of full-time equivalent (FTE) employees.

By some metrics, the program was quite successful. CARES Act funding for the PPP was spent in just thirteen days. The SBA reported that 1.7 million loans were approved and a total of $342.3 billion in loans funds deployed. The banks and three approved “fintech” firms (Intuit, PayPal and Square) that processed loan requests received about $10 billion in fees (though at least one large bank returned its fees when criticized). In Connecticut, 18,500 businesses and non-profits received loans, bringing in about $4.15 billion in federal funds to keep residents employed.

By other metrics, the PPP had problems related to how it was structured. While about 55% of total loans were in loans of under $1 million, about 9% were in loans of over $5 million—including loans to more than 200 publicly-traded companies with strong balance sheets and ample access to other forms of credit. The program’s reliance on large banks for loan approvals reinforced disparities in access to these loans as these banks facilitated loans to the larger businesses with whom they had strong banking relationships, shutting out smaller firms without such relationships. For more details, see, e.g., S. Gamboa. *Coronavirus package falls short for lenders to Latino, minority businesses* (April 24, 2020).
Further, by having banks approve the PPP loans (rather than the SBA which guarantees them), accountability for the loans proved deficient. Firms receiving the loans did not have to certify they were harmed by the pandemic, only that “current economic uncertainty makes this loan request necessary.” Further, banks had no duty to monitor if the firms used the funds appropriately. Research by the New York Times has documented multiple flaws in oversight—not only in the firms that were approved for loans but also in how loan funds have been used. For more details, see, e.g., Treasury Vows to Recoup Virus Relief Aid Claimed by Big Companies (New York Times, April 28, 2020); Large Companies Take Bailout Aid in Dubious Gains (New York Times, April 27, 2020).

Further, an Urban Institute analysis of SBA data on PPP-approved loans between March 30 and April suggests that funds may not be reaching the job sectors hit the hardest. The accommodations and food industry, for example, received 9% of PPP funds, though it experienced 2/3 of the job loss of all sectors receiving loans, while the professional, scientific, and technical services sector got the second-largest loan share (manufacturing got the greatest share), though it enjoyed a 7,500 job gain in March. For more details, see B. Theodos. Opportunity Lost with the Expansion of the Paycheck Protection Program (April 23, 2020).

To respond to the great demand for this program—and notwithstanding these problems, but doing too little to address them—much of the PPPHCEA’s total funding replenishes the PPP with an additional $321.335 billion. Of this sum, $11.333 billion is to be used for the government’s payment of interest and fees on these loans. $60 billion is earmarked for loans made by small and midsized banks, credit unions and community development finance institutions (with half of this sum for any of these institutions with assets of less than $10 billion and the other half for insured depository institutions and credit unions with assets between $10-$50 billion). The balance of $250 billion is for loans with no such restrictions on lenders. The $60 billion earmark is crucial (though not necessarily sufficient) in providing a hand to the many struggling smaller businesses with less access to affordable credit—the primary target population for the PPP program—as they are more likely to have relationships with the smaller targeted lenders.

NOTE: the CARES Act required that loan funds be subject to audits and investigation by a special inspector general who is to keep Congress informed through quarterly reports. In addition, a Congressional oversight group is to be formed to monitor use of these funds and report to Congress on a monthly basis. While such after-the-fact oversight is important, it did not help the small firms excluded initially whose needs for funds were immediate. Nor does this oversight act assure more equitable and strategic disbursement of this next tranche of funds that will also quickly run out; there were nearly a million applications for loan funds remaining in the queue when the CARES Act loan funds fully deployed.

**SBA Disaster Loans Program**

The SBA’s Disaster Loan Program provides three types of loans—home disaster, business physical disaster, and economic injury disaster (or EIDL). SBA disaster loans for economic injury are available to eligible small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, and most private, nonprofit organizations in declared disaster areas. To try to speed relief to those in need, loans are made directly by the SBA to the borrower (rather than through a bank as with the PPP). The first federal COVID-19 bill, P.L.116-123, deemed the coronavirus outbreak to be an eligible “disaster,” making the economic injury resulting from the outbreak an eligible EIDL expense. It also provided the SBA with an additional $20 million for disaster loan administrative expenses.
The SBA economic injury disaster loans can help small businesses address their sudden, yet temporary loss of revenue resulting from the COVID-19 pandemic. CARES Act enhancements to the program—in effect during the covered period of January 31, 2020 through December 31, 2020 - include expanding eligibility beyond the currently eligible small businesses, private non-profit organizations and small agricultural cooperatives to include startups, cooperatives, sole proprietors and independent contractors. Businesses in certain industries with more than 500 employees may qualify if they meet SBA’s size standards for those industries. Click here for more details. Further, in response to the economic injury caused by COVID-19, the SBA administrator can: a) waive the requirement that the applicant have no other credit available; b) approve an applicant based solely on their credit score; c) not require an applicant to submit a tax return to get approval; d) waive any rules related to a personal guarantee on advances and loans of not more than $200,000; and e) waive the requirement that the applicant had to have been in business for the one-year period prior to the triggering disaster declaration. However, no waiver can be made by the SBA administrator for a business that was not in operation on January 30, 2020.

The EIDL loan amount is based on actual economic injury and financial need. Although the loans may be up $2 million, if an applicant is a major source of employment the SBA can waive this statutory limit. However, initially in this pandemic—because of high demand and inadequate funding—the SBA was capping loans at $15,000 per borrower. For more details, see, Small Businesses Wait for Cash as Disaster Loan Program Unravels (New York Times, April 9, 2020, updated April 20, 2020).

Loan proceeds may be used to pay for expenses that could have been met had the pandemic not occurred (including payroll and other operating expenses) but cannot be used for such purposes as refinancing debt, paying off other loans, paying civil or criminal fines or penalties, paying dividends or bonuses, expanding or repairing facilities, or acquiring fixed assets. The interest rates were set at 3.75% for small businesses without credit available elsewhere, and 2.75% for non-profits. Although the first EIDL payment is normally due five months after disbursement, the SBA is allowing deferment through December 31, 2020 for this new EIDL assistance “to help borrowers through this unprecedented time.” Repayment terms (amount and duration) are determined by the SBA on a case-by-case basis, based on the borrower’s ability to repay.

Prior to the CARES Act, the SBA had about $1.1 billion in disaster loan credit subsidy to support about $7 billion to $8 billion in disaster loans. Since this amount was forecast as inadequate to meet demand when EIDL eligibility was extended to COVID-19 related economic injuries, the CARES Act provided an additional $10 billion to support the program. The PPPHCEA now has authorized another $50 billion for this program.

Nationally, as of April 20, 2020, nearly $8 billion in loan funds have been approved, through a total of 38,984 approved loans. In Connecticut, 947 loans have been approved for a total of $185,811,200 in loan funds. Click here for more details.

**Emergency Economic Injury Disaster (EIDL) Grants**

To get some help to businesses quickly, the CARES Act authorized the SBA administrator, through December 31, 2020, to provide up to $10,000 as an advance payment toward the amount requested for an EIDL loan within three days of receiving an application from an eligible business. These advance payments can be used for any eligible EIDL expense (e.g., provide paid sick leave to employees, maintain payroll, address increased costs related to the pandemic, make rent or mortgage
Applicants need not repay this advance payment, even if their loan application is subsequently denied. However, if a business receives a PPP loan that is forgiven, any EIDL advance amount must be subtracted from the amount forgiven in the PPP loan. These grants are available until the end of 2020 and are “backdated to January 31, 2020 to allow those who have already applied for EIDLs to be eligible to also receive a grant.” The CARES Act authorized $10 billion for this EIDL assistance. The PPPHCEA now has authorized an additional $10 billion.

To try to address waste, fraud and abuse in these business assistance programs, the CARES Act provided $25 million to the SBA’s Office of Inspector General for inspections and oversight. For a critique of the federal government’s small business relief efforts to date, click here for more details.

**Division B – Additional Emergency Appropriations for Coronavirus Response**

The PPPHCEA authorizes an additional $100 billion for the DHHS Public Health and Social Services Emergency Fund, to remain available until expended, for coronavirus response: $75 billion for the CARES Act-established “provider relief fund” and $25 billion in new funding streams for COVID-19 testing. It also establishes some new reporting requirements for the Secretary of the Department of Health and Human Services (HHS). Each element is discussed below.

**CARES Act Provider Relief Fund**

The PPPHCEA adds $75 billion to the $100 billion previously authorized by the CARES Act to provide some financial help to the nation’s healthcare providers struggling with additional costs and reduced revenues in this pandemic.

The PPPHCEA mirrors CARES Act language in directing HHS to distribute the funds to healthcare providers by grants or other payment mechanisms to cover expenses and/or lost revenues attributable to COVID-19 that are not reimbursable from other sources. By providing no additional guidance regarding targeted uses of these funds, it continues to give the HHS Secretary wide discretion in deploying them. So, to gain insight into how these new funds might be distributed, review of how CARES Act funding is being distributed may be helpful.

**Distribution of CARES Act Provider Relief Funds.** Of the CARES Act’s $100 billion in provider relief funding, $50 billion was used for “general distribution” to Medicare facilities and providers impacted by COVID-19. Of this:

- $30 billion was distributed by direct deposit between April 10, 2020 and April 17, 2020 to Medicare providers based on their share of total 2019 Medicare fee-for-service expenditures. In Connecticut, 4,254 providers received a total of $378 million.
- The other $20 billion began to be distributed starting April 24, with allocations based on net patient revenue in 2018 from all payors (thereby giving advantage to providers with relatively larger numbers of higher reimbursing commercial patients and fewer Medicaid and Medicare fee-for-service patients).

The remaining $50 billion of the $100 billion is being used for more “targeted distributions” to providers disproportionately impacted by COVID-19, or who did not receive payments in the “general distribution.” Of this:
- $10 billion was earmarked for distribution to hospitals in “hot spot” areas (e.g., New York hospitals are to receive about $4 billion). Hospitals were to submit information to DHHS on April 27 about their total number of ICU beds as of April 10, and the total number of COVID-19 admissions from January 1 through April 10. DHHS can use this information – as well as hospitals’ Medicare Disproportionate Share Hospital adjustments – to target fund distribution. These funds would be in addition to any funds these hospitals might receive from the “general allocation” pool;
- $10 billion was earmarked for rural health clinics and hospitals, to be distributed “using a methodology that distributes payments proportionately to each facility can clinic” and takes into account operating expenses;
- $400 million was earmarked for the Indian Health Service, to be distributed on the basis of operating expenses;
- The balance ($29.6 billion) was for providers (including non-hospital providers) with lower shares of Medicare reimbursements; providers who primarily or solely serve the Medicaid population; skilled nursing facilities; dentists; and providers who seek reimbursement for treatment of the uninsured.

**Guidance regarding federal funding for COVID-related healthcare for the uninsured.** DHHS has provided guidance regarding payment for COVID-19 related care for the uninsured (which is, in effect, a new federal program). Healthcare providers who provided such care on or after February 4, 2020 can claim reimbursement for specimen collection, testing, testing-related visits (office, urgent care, ER, telehealth), treatment (e.g., office visit, ER, inpatient, outpatient/observation, skilled nursing, long-term acute care, acute inpatient rehab, home health, durable medical equipment, ambulance, FDA-approved drugs), and vaccines when they are FDA-approved. Payment is to be at Medicare rates (but subject to available funding). Providers could begin to register for this program April 27, 2020 and can begin submitting claims in early May. Click [here](#) for more details. As a condition of receiving Provider Relief Fund funding, all providers must confirm that a patient is uninsured and must abstain from “balance billing” any patient for COVID-19 related testing and treatment. Click [here](#) for more details.

As was the case with CARES Act funds, the PPHCEA’s $75 billion may be used not only for the purposes outlined above, but also for building temporary structures, leasing properties, purchasing medical supplies and equipment (including PPE and testing supplies), increasing workforce and trainings, and emergency operations and surge capacity.

The HHS Secretary must provide a report to the House and Senate Appropriations Committees not later than sixty days after enactment of the PPPHCEA (June 23) on how funds are being expended and every 60 days thereafter. Also, no later than 3 years after final payments are made, the Office of Inspector General of HHS must transmit a final report on its audit findings on this program to the Appropriations Committees of the US House and Senate. The Inspector General and Comptroller General also may conduct audits.
COVID-19 Testing

The PPPHCEA authorizes $25 billion for a wide variety of expenses related to COVID-19 testing, including necessary expenses to:

“research, develop, validate, manufacture, purchase, administer, and expand capacity for COVID-19 tests to effectively monitor and suppress COVID-19, including tests for both active infection and prior exposure, including molecular, antigen, and serological tests, the manufacturing, procurement and distribution of tests, testing equipment and testing supplies, including personal protective equipment for administering tests, the development and validation of rapid, molecular point-of-care tests, and other tests, support for workforce, epidemiology, to scale up academic, commercial, public health, and hospital laboratories, to conduct surveillance and contact tracing, support development of COVID-19 testing plans, and other related activities related to COVID-19 testing.”

While the PPPHCEA provides some direction as to how these funds are to be distributed, it also provides authority to transfer or merge funding among and across HHS accounts, so long as notice is provided to Congress. The specified distributions of these testing funds are:

- **To states, localities, and tribal organizations.** “Not less than $11 billion” is to be used as follows:
  - At least $7 billion distributed through grant or other cooperative agreement within 30 days of enactment (with at least $4.25 billion distributed based on the relative number of cases; at least $2 billion according to the Public Health Emergency Preparedness cooperative agreement formula; and not less than $750 million sent to tribal organizations in coordination with the Director of the Indian Health Service);
  - $4 billion to be distributed at the discretion of HHS using the categories above, or any other methodology.

  No later than 30 days after PPHCEA’s enactment (May 24), recipients must submit their COVID-19 testing plans to HHS including “goals for the remainder of calendar year 2020” to include: a) the number of diagnostic and serological tests needed month-by-month; b) month-by-month estimates of lab and testing capacity (including relating to workforce, equipment and supplies, and available tests), and c) their plans for use of the funds (including as they may relate to easing community mitigation policies).

- **To federal department and agencies.** Not less than $3.822 billion is to be transmitted to these federal departments and agencies:
  - $1.8 billion to NIH ($1 billion to Office of the Director; $500 million to the National Institute of Biomedical Imaging and Bioengineering to accelerate point-of-care and other rapid testing; $306 million to National Cancer Institute for work on serological testing);
  - Not less than $1 billion to the CDC-Wide Activities and Program Support account to provide the support necessary to expand and improve COVID-19 testing;
  - Not less than $1 billion to the Biomedical Advanced Research and Development Authority for test-related work;
  - $22 million to the FDA’s salaries/expenses account to support its test-related activity.

The Act provides that funds appropriated to federal agencies may be used for construction or equipping of non-federally owned facilities to be used for the production of tests or related...
supplies, and for the purchase of PPE and other supplies, if the HHS Secretary determines it is needed to ensure sufficient supply. The Act also states that products so purchased may, at the Secretary’s discretion, be deposited in the Strategic National Stockpile.

- **For testing of the uninsured.** Up to $1 billion is to be used for testing the uninsured, as that term was defined in an earlier COVID-19 Act (P.L. 116-127): individuals who are not enrolled in a federal healthcare program or a group health plan or health insurance coverage offered by a health insurance issuer in the group or individual market.

- **To health centers and rural health clinics.** A total of $823 million is authorized for the DHHS’ Health Resources and Services Administration (HRSA) to distribute as follows:
  - $600 million in grants to Health Centers (under section 330 of the Public Health Service Act) and Federally Qualified Health Centers;
  - $225 million to rural health clinics, through grants or other mechanisms, for testing and related expenses.

**Reporting by DHHS to Congress**

The PPPHCEA imposes three important COVID-19 test-related reporting requirements on the DHHS Secretary:

- **Demographic Report on COVID-19 testing.** Not later than 21 days after enactment (i.e., May 15), the HHS Secretary must issue a report on COVID-19 testing that must include data on demographic characteristics including: a) “in a de-identified and disaggregated manner, race, ethnicity, age, sex, geographic region and other relevant factors of individuals tested for or diagnosed with COVID-19, to the extent such information is available;” and b) information “on the number and rates of cases, hospitalizations, and deaths as a result of COVID-19.” This report is to be updated and resubmitted every 30 days, “as necessary,” until the end of the public health emergency declared January 31, 2020. Reports are to be sent to the House and Senate Appropriations Committees, the House Energy and Commerce Committee, and the Senate Health, Education, Labor, and Pensions Committee.

- **COVID-19 testing plan.** Not later than 30 days after enactment (i.e., May 24), the HHS Secretary, “in coordination with other departments and agencies, as appropriate,” must provide a “COVID-19 strategic testing plan” to the House and Senate Appropriations Committees, the House Energy and Commerce Committee, and the Senate Health, Education, Labor, and Pensions Committee. This plan is to assist states, localities, territories, and tribes/tribal organizations/urban Indian health organizations in “understanding COVID-19 testing for both active infection and prior exposure, including hospital-based testing, high-complexity laboratory testing, point-of-care testing, mobile-testing units, testing for employers and other settings and other tests as necessary.” The plan must:
  - Include estimates of testing production that “account for new and emerging technologies” as well as “guidelines for testing;”
  - Address how the DHHS Secretary will “increase domestic testing capacity, including testing supplies; and address disparities in all communities;”
  - Outline federal resources available to support the testing plans each state, locality, territory, and tribe/tribal organization/urban Indian health organization;
- Be updated every 90 days until funds are expended.

- **Demographic report on COVID-19 cases.** Not later than 180 days after the Act’s enactment (i.e., late October), the HHS Secretary must issue a report on the number of COVID-19 positive diagnoses, hospitalizations, and deaths, “disaggregated nationally by race, ethnicity, age, sex, geographic region, and other relevant factors” and this report “shall include epidemiological analysis of such data.”
CONCLUSION

The PPPHCEA provides important additional support for smaller businesses and healthcare providers and helps boost COVID-19 testing capacity – an essential prerequisite to relaxing current restrictions on work, commercial activity, schools, and personal movement. Yet, the PPPHCEA - together with the three earlier federal bills - still is not enough to meet the unprecedented challenges posed by our pandemic-triggered economic collapse.

Apart from gaps in, and structural problems with, various of the programs incorporated in these first initiatives, an area largely neglected in all four bills is the challenge facing state, local and tribal governments that are now facing steep declines in revenues (e.g., income, sales, corporate, and gas taxes, revenues from casinos). Even in the 2008 Great Recession, when income and corporate taxes fell sharply, there was no comparable decline in sales tax revenues as are now being triggered by our sheltering-in-place orders and commercial activity restrictions. Yet this enormous challenge has been largely ignored by Congress up to this point.

The extent of state revenue shortfalls. Based on new economic projections from the nonpartisan Congressional Budget Office and updated Goldman Sachs projections, the Center on Budget and Policy Priorities (CBPP) recently estimated that state budget shortfalls from the economic fallout of COVID-19 could total $650 billion over fiscal years 2020 through 2022 ($110 billion in 2020, $350 billion in 2021, and $190 billion in 2022). These state budget shortfalls exceed those in the 2001 recession ($60 - $110 billion/year) and the Great Recession ($60 - $230 billion/year). And CBPP’s estimate does not include the shortfalls in all municipal and country budgets. For more details, see M. Leachman, New CBO Projections Suggest Even Bigger State Budget Shortfalls (April 29, 2020).

Connecticut’s situation illustrates the challenge well. This past November, the Office of Fiscal Analysis (OFA) Fiscal Accountability Report FY 20-24 2019 projected a General Fund deficit of $29.7 million in the current fiscal year (FY20), and a General Fund surplus of $183.8 million in FY21. OFA further projected – with the mandated volatility adjustment transfers to the Budget Reserve Fund included (an estimated $318 million in FY20 and $276.6 million in FY 21) that Fund would increase to $2.794 billion by the end of FY 20 and would increase beyond its statutory cap (15% of appropriations, i.e., $2.997 billion) by $257.3 million by the end of FY 21.

The impact of COVID-19 on our state budget was immediate, and enormous. On April 30, 2020 OFA reported huge increase in the estimated FY20 General Fund deficit - $985.5 million (rather than $29.7 million). It results large part from a nearly $1 billion decline in General Fund revenues, (including from the sales tax, income tax, corporation tax, in refunds of taxes) and a delay in receipt of a $370 million federal reimbursement into FY21. OPM’s analysis is consistent, click here for more details.

As a result, OFA now projects that the Budget Reserve Fund, projected to be $2.794 billion at the end of FY 20, will fall to $1.865 billion. Further, outyear projections are bleak. OFA projects a $2.3 billion General Fund deficit in FY21 and $2 billion deficits in FY 22 and FY 23. Absent an upturn in the economy and/or assistance from the federal government, we will quickly deplete our Budget Reserve Fund.
Why federal support to address these revenue shortfalls is essential. Connecticut, like nearly all other states, has a balanced budget requirement. It cannot deficit spend in times like these—when state revenues are cratering just as the demand for state-funded programs and services (e.g., healthcare, child care, food assistance, energy assistance, housing assistance) is soaring.

The federal government, however, can and does deficit spend, so can help counter the impact of states’ economic downturns by bolstering their revenues so state-funded programs and services can be maintained. Without this federal support, the inevitable cuts to these programs and services will exacerbate the public health crisis we face in the short-term, and further undermine our economic recovery in the longer term.

The federal government’s limited support for states’ revenue shortfalls to date. CBPP calculates that only about 2% of funds in the first four federal aid packages are available to narrow states’ revenue shortfalls (i.e., $65 billion of the nearly $3 trillion authorized). Short review of restrictions on many of these authorized funds makes evident the need for significantly more flexible financial support for states to address their steep COVID-related revenue shortfalls.

1. Coronavirus Relief Fund. The primary federal relief to state and local government to this point—the $150 billion CARES Act’s Coronavirus Relief Fund—is totally off-limits in addressing state revenue shortfalls. April 22, 2020 guidance from the US Treasury Department makes this quite clear. In interpreting the CARES Act language that limits use of these funds (to covering costs that: are necessary expenditures incurred due to the COVID-19 public health emergency; were not accounted for in the state or local budget most recently approved as of March 27, 2020 and were incurred between March 1, 2020 and December 30, 2020), this Guidance states:

   “The requirement that expenditures be incurred “due to” the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency. These may include expenditures incurred to allow the State, territorial, local, or Tribal government to respond directly to the emergency, such as by addressing medical or public health needs, as well as expenditures incurred to respond to second-order effects of the emergency, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures.”

Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Although a broad range of uses is allowed, revenue replacement is not a permissible use of Fund payments.” (Click [here](#) for more details.)

Connecticut’s share of this Fund is $1.4 billion—to help cover not only the COVID-related costs of the state, but also those incurred by local governments and nonprofits (such as shelters, hospitals) to the extent their budgets had not already provided funding for such costs.

2. Increased federal matching rate in Medicaid. Another help for state budgets is the 6.2 percentage point increase in federal reimbursements for parts of Medicaid program that do not already have an increased matching rate (e.g., HUSKY Part D). Importantly, this increased matching rate applies to all Medicaid expenditures, not just those that are COVID-19 related. For Connecticut, this increase means an additional $280.5 million in federal reimbursements in the first two quarters of 2020. Some significant portion of these funds are needed to provide healthcare to newly-enrolled HUSKY recipients (now eligible due to family income declines related to increased unemployment) and to
cover the increased costs of providing care to persons with COVID-19. Further, under current law, this increase in the matching rate lasts only until the end of the calendar quarter in which the declaration of national emergency ends, although state revenue shortfalls will persist far longer.

3. **Increased funding for K-12 education.** The CARES Act also included $30.75 billion for an Educational Stabilization Fund to provide emergency support to states, school districts, higher education institutions and other educational entities for outbreak-related costs while they are continuing to educate students. The Act, however, included a maintenance of effort requirement: states cannot cut funding to their schools in FY 2020 and 2021 below their average support for the preceding three years (although the Secretary of Education may waive this requirement if the state has “experienced a precipitous decline in financial resources.”) In addition, any entity receiving money from this Fund must pay its employees and contractors to the extent practicable during the period of any school disruptions or closures. Connecticut is receiving $111.1 million for its elementary and secondary schools, $130 million for its colleges and universities, and $6 million to be used in the Governor’s discretion. Data OPM is compiling from schools about their COVID-related costs will provide insight into how far this federal support goes in offsetting their increased costs.

While the four bills to date do include some additional funding for state and local public health efforts and various block grants and other programs and services that serve state residents, the sums authorized for these purposes pale in comparison to states’ needs.

*What more is needed in federal assistance.* For the reasons discussed above, Congress’ next relief package must direct very substantial funding through direct, unrestricted “stabilization” grants to state and local governments to address their revenue shortfalls. In March, the United States Conference of Mayors wrote Congressional leadership seeking $250 billion in direct emergency assistance called for $500 billion for states and additional stabilization funding for local governments. Click [here](#) for more details.

However, while a sizeable stabilization fund is critical, it too may not be enough for this historically-unprecedented challenge. It may also be difficult to pass in these political times. Other efficient ways to get fiscal relief to states quickly include adopting an even higher Medicaid matching rate and increasing funding for K-12 education and transportation. Congress also can authorize additional supplemental funding for existing block grants so states can better address their residents’ COVID- and recession-related child care, housing and other essential needs – as well as for initiatives to address the needs of residents otherwise ineligible for key safety net programs. Tools to provide continuing support to families include additional direct payments (as the CARES Act provided), continuing the increased Food Stamp benefits, and continuing the federally-funded UI benefits for our jobless until they are able to be re-employed.

Also critical is re-investment in building our federal, state and local public health infrastructure to address not only this pandemic, but also the public health challenges that lie ahead. This COVID-19 pandemic has made all too clear the steep costs we incur by not being prepared.

Finally, Congress should take a lesson drawn from analyses of the relief provided in the American Recovery and Reinvestment Act of 2009 – it helped but ended too soon. It should use a national and/or state-specific “triggers” based on job market conditions to determine when this assistance phases up or phases out and – in addition – what federal *stimulus* funds are needed (beyond the *stabilization* funds) lest federal relief end prematurely and undermine the economic recovery.
FOR MORE DETAILS


Federal Funds Information for States (FFIS), https://ffis.org/COVID-19