



# WAYS AND MEANS

REPUBLICANS | KEVIN BRADY, REPUBLICAN LEADER

## **Summary of Key Tax Provisions in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)**

### **TITLE II—Assistance for American Workers, Families, and Businesses**

#### **Subtitle B—Rebates and Other Individual Provisions**

#### **Section 2201. 2020 Recovery Rebates for Individuals**

- As long as a person has a valid Social Security number, they can receive the rebate – so this means workers, those receiving welfare benefits, Social Security beneficiaries, and others are all eligible
  - There is no tax liability requirement
  - There is no earned income requirement
- The full rebate amount (\$1,200 individuals, \$2,400 couples, \$500 for children) is available for those with adjusted gross income (AGI) at or below \$75,000 individual/\$112,500 head of household/\$150,000 joint
  - The rebate phases out above those AGI thresholds
  - For those without children the rebate amount will be phased out completely for single taxpayers with AGI exceeding \$99,000 and \$198,000 for joint filers
- IRS will use 2019 return information (and Social Security statement for non-filers) to determine eligibility (but will use 2018 if 2019 is unavailable)

#### **Section 2202. Special Rules for Retirement Accounts**

3/26/20

- Waiver of 10% penalty on up to \$100k of coronavirus-related early retirement withdrawals
  - Income tax owed on distributions is spread out over 3 years
  - Applies to early distributions made on or after January 1, 2020 and before December 31, 2020
  - Allows American's to access their retirement savings in this time of emergency without being penalized
- Loans from retirement accounts increased to \$100k (from \$50k)
  - Allows American's to access more cash from retirement accounts without being penalized during this time

### **Section 2203. Temporary Waiver of Required Minimum Distribution Rules for Certain Retirement Plans and Accounts**

- Suspension of required minimum distribution (RMD) rules for retirement accounts for 2020

### **Section 2204. Allowance of Partial Above-the-Line Deduction for Charitable Contributions**

- Up to \$300 above-the-line deduction for charitable giving for taxpayers that do not itemize for 2020 tax year
  - Encourages charitable giving for all Americans during this time

### **Section 2205. Modification of Limitation on Charitable Contributions during 2020**

- Suspension or relaxation of charitable giving deductibility limits for 2020
  - Generally, the charitable giving deduction limit is 60% of AGI, there are lower limits in other circumstances
  - For individuals, the AG limit is entirely suspended for cash contributions
  - For corporations, the 10-percent limitation is increased to 25 percent of taxable income.
  - Increases the limitation on deductions for contributions of food inventory from 15 percent to 25 percent.
  - Lifts the giving limit to allow taxpayers to fully deduct more generous giving

### **Section 2206. Exclusion for Certain Employer Payments of Student Loans**

- Provides that payments by an employer on student loans of an employee are excluded from the employee's gross income
  - Applies to payments made after the date of enactment and before January 1, 2021

### **Subtitle C—Business Provisions**

### **Section 2301. Employee Retention Credit for Employer Subject to Closure due to COVID-19**

- Provides refundable payroll tax credit for 50 percent of up to \$10,000 in wages per employee (including health benefits) paid by employers during the COVID-19 crisis
  - The credit is available to employers (1) whose operations were fully or partially suspended, due to orders from an appropriate governmental authority due to COVID-19, or (2) whose gross receipts for the calendar quarter are less than 50% for the same calendar quarter for the prior year (through the first quarter in which gross receipts are more than 80% of those in the same calendar quarter in the prior year)
  - Covers wages paid to employees for periods during which they are not providing services due to the circumstances described above. For eligible employers with 100 or fewer full-time employees, all employee wages qualify for the credit, regardless of whether an employee is providing services
    - Qualified wages do not include those taken into account for purposes of the payroll credits for required paid sick leave or required paid family leave under the Families First Coronavirus Response Act, nor for wages taken into account for the employer credit for paid family and medical leave under section 45S
    - The Secretary of the Treasury is granted authority to advance payments to eligible employers and to waive applicable penalties for employers who do not deposit applicable payroll taxes in anticipation of receiving the credit

- The credit is not available to employers receiving loans under the SBA payroll protection program created under the CARES Act
- The credit is for qualified wages paid from March 13, 2020 through December 31, 2020

### **Section 2302. Delay of Payment of Employer Payroll Taxes**

- Delay of payment of employer payroll taxes for 2020
  - Does not apply to taxpayers that had debt forgiveness on SBA loan under Phase 3 Package
  - 2020 payroll taxes deferred until December 31, 2021 and December 31, 2022 (50% due before each date)

### **Section 2303. Modification of Net Operating Losses**

- 5-year carryback for net operating loss (NOLs) incurred by taxpayer in 2018, 2019, and 2020 taxable years
  - Allows businesses with 2018 and 2019 NOLs to receive quick tax refunds on those amounts
  - Allows businesses with 2020 NOLs to get refunds in 2021
- Technical correction for NOL effective date, which effects the 2017 year for fiscal year taxpayers
  - Allows businesses with 2017 NOLs to receive quick tax refunds

### **Section 2304. Modification of limitation on losses for taxpayers other than corporations**

- Modifies loss limitations for pass-through businesses and sole proprietors to allow use of losses against other income they may have, while also making important technical corrections to the Tax Cuts and Jobs Act to ensure that losses may be correctly taken into account
- Allows pass-through businesses and sole proprietors to fully take into account losses in calculating their taxable income

### **Section 2305. Modification of Credit for Prior Year Minimum Tax Liability of Corporations**

- Acceleration of refundability of AMT credits (accelerates 2020 and 2021 refund amounts)

3/26/20

- TCJA repealed corporate AMT and allowed refunds of AMT credits (that exceed tax liability) over a 4-year period
- This will accelerate the refunds of the remaining 2020 and 2021 AMT credits and allow businesses to receive a refund now
- This would accelerate the refund of approximately \$3.2 billion of remaining AMT credits

#### **Section 2306. Modification of Limitation on Business Interest**

- Relaxation of interest deduction limitation rule for 2019 and 2020 tax years
  - Increase limit from 30% of adjusted taxable income (sometimes referred to as “EBITDA”) to 50%
  - Allow taxpayer to use 2019 limit for their 2020 tax year
  - Allows businesses to deduct more of their business interest to reduce 2020 tax liability or to receive a larger tax refund for 2020 losses

#### **Section 2307. Technical amendments regarding qualified improvement property**

- Would allow QIP to be fully expensed in one year under bonus depreciation rules instead of over 39 years

#### **Section 2308. Temporary Exception from Excise Tax for Alcohol Used to Produce Hand Sanitizer**

- Temporary waiver of excise tax with respect to distilled spirits for use in or contained in hand sanitizer in a manner consistent with Food and Drug Administration guidance related to COVID-19
  - Also waives labelling and bulk sales requirements for such items

### **Title III – Supporting America’s Health Care System in the Fight Against the Coronavirus**

#### **Subtitle C – Labor Provisions**

##### **Sec. 3607. Advance refunding of credits**

3/26/20

- Allows Treasury to advance refund the tax credits for paid leave provided for under the Families First Coronavirus Response Act (so-called Phase 2)
- Helps small businesses already facing cash flow problems by limiting or eliminating their need to front the cash for paid leave

**Sec. 3609. Single-employer plan funding rules**

- Allows companies sponsoring single-employer defined benefit pension plans to delay required contributions to the plans due in 2020 to January 1, 2021 (with interest)
- Allows single-employer defined benefit plans use the 2019 funding percentage for purposes of whether the plan is subject to certain benefit accrual and distribution restrictions in 2020

**Sec. 3610. Application of cooperative and small employer charity pension plan rules to certain charitable employers whose primary exempt purpose is providing services with respect to others and children**

- Expands the more lenient defined benefit pension funding and PBGC premium rules applicable to any 501(c)(3) charity
  - in existence since at least 1938, which conducts medical research directly or indirectly through grant making, and whose primary exempt purpose is to provide services with respect to mothers and children
  - applies to plan years after December 31, 2018

## **Summary of Key Medicare and Health Tax Provisions in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)**

*Edited and compiled by Ways and Means Committee Republican staff based on documents provided by Senate Finance Committee Republicans*

### Title III- Supporting American's Health Care System in the Fight Against the Coronavirus Subtitle D— Finance Committee

#### **Sec. 3701. Health Savings Accounts for Telehealth Services**

This section would allow a high-deductible health plan (HDHP) with a health savings account (HSA) to cover telehealth services prior to a patient reaching the deductible, increasing access for patients who may have the COVID-19 virus and protecting other patients from potential exposure.

#### **Sec. 3702. Over-the-Counter Medical Products without Prescription**

This section would allow patients to use funds in all tax-favored health accounts (e.g. Health Savings Accounts, Flexible Spending Arrangements) for the purchase of over-the-counter medical products, including those needed in quarantine and social distancing, without a prescription from a physician.

#### **Sec. 3703. Expanding Medicare Telehealth Flexibilities**

This section would eliminate the requirement in Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 (Public Law 116-123) that limits the COVID-19 Medicare telehealth expansion authority during the COVID-19 emergency to situations where the physician or other professional has treated the patient in the past three years. This would enable beneficiaries to access telehealth, including in their home, from a broader range of providers, reducing COVID-19 exposure.

#### **Sec. 3704. Allowing Federally Qualified Health Centers and Rural Health Clinics to Furnish Telehealth**

This section would allow, during the COVID-19 emergency, Federally Qualified Health Centers and Rural Health Clinics to furnish telehealth services to beneficiaries in their home or other setting. Medicare would reimburse for these services at a composite rate similar to payment provided for comparable telehealth services under the Medicare Physician Fee Schedule.

#### **Sec. 3705. Expanding Telehealth for Home Dialysis Patients**

This section would eliminate a requirement during the COVID-19 emergency that a nephrologist conduct some of the required periodic evaluations of a patient on home dialysis face-to-face., allowing these vulnerable beneficiaries to get more care in the safety of their home.

3/26/20

**Sec. 3706. Use of telehealth to conduct face-to-face encounter prior to recertification of eligibility for hospice care during emergency period.**

This section would allow for the periodic face-to-face check-ins required for hospice patients to be conducted via telehealth, preventing beneficiaries from being discharged from hospice should in-person face-to-face appointments be impossible or inadvisable during this emergency.

**Sec. 3707. Encouraging use of telecommunications systems for home health services furnished during emergency period.**

This section would task the Secretary to clarify guidance and conduct outreach in order to encourage the use of telehealth and remote patient monitoring as much as is appropriate to still meet a patient's care needs.

**Sec. 3708. Enabling Physician Assistants and Nurse Practitioners to Order Home Health Services**

This section would allow physician assistants, nurse practitioners, and other professionals to order home health services for beneficiaries, reducing delays and increasing beneficiary access to care in the safety of their home.

**Sec. 3709. Increasing Provider Funding through Medicare Sequester Relief**

This section would provide prompt economic assistance to health care providers on the front lines fighting the COVID-19 virus, helping them to furnish needed care to affected patients. Specifically, this section would temporarily lift the Medicare sequester, which reduces payments to providers by 2 percent, from May 1 through December 31, 2020, boosting payments for hospital, physician, nursing home, home health, and other care. The Medicare sequester would be extended by one-year beyond current law to provide immediate relief without worsening Medicare's long-term financial outlook.

**Sec. 3710. Medicare Add-on for Inpatient Hospital COVID-19 Patients**

This section would increase the payment that would otherwise be made to a hospital for treating a patient admitted with COVID-19 by 20 percent. It would build on the Centers for Disease Control and Prevention (CDC) decision to expedite use of a COVID-19 diagnosis to enable better surveillance as well as trigger appropriate payment for these complex patients. This add-on payment would be available through the duration of the COVID-19 emergency period.

**Sec. 3711. Increasing access to post-acute care during the emergency period**

This section would waive the 3-hour rule for inpatient rehabilitation facilities and provide the Secretary with enforcement discretion with respects to certain payment rules for discharges from Long-Term Care Hospitals for the duration of this emergency.



3/26/20

### **Sec. 3712. Preventing Durable Medical Equipment Payment Reduction**

This section would prevent a scheduled decrease in payment amounts for durable medical equipment, which helps patients transition from hospital to home and remain in their home, through the length of COVID-19 public health emergency.

### **Sec. 3713. Coverage of the COVID-19 vaccine under part B of the Medicare program without any cost-sharing.**

This section would eliminate any patient cost barriers for a future COVID-19 vaccine in Medicare Part B

### **Sec. 3714. Require Part D and Medicare Advantage Plans to allow for 3-month fills and refills during the emergency period**

This section would require all Medicare Advantage-Prescription Drug (MA-PD) and all Medicare Part D plans to allow beneficiaries to elect to fill and refill prescriptions for up to 90 days during the emergency period. This will improve seniors' access to drugs and minimize the number of trips they have to take to the pharmacy.

### **Sec. 3715. Providing Home and Community-based Support Services during Hospital Stays**

This section would allow state Medicaid programs to pay for direct support professionals, including caregivers trained to assist with activities of daily living for disabled individuals in the hospital to reduce length of stay and free up beds.

### **Sec. 3716. Clarification regarding uninsured individuals**

This section would clarify that in the Families First Coronavirus Response Act the term uninsured individual includes those who reside in a state that did not expand Medicaid under the ACA and those enrolled in state or federal health care program that does not provide coverage with no cost-sharing for a COVID-19 vaccine, testing or the administration of such vaccine and testing product.

### **Sec. 3717. Clarification regarding coverage of COVID-19 testing products**

This section would clarify all testing for COVID-19 is to be covered under Medicaid and CHIP without cost sharing, including those tests without an Emergency Use Authorization (EUA) by the Food and Drug Administration (FDA).

### **Sec. 3718. Delay of reporting requirements and scheduled payment cuts for clinical laboratories**

This section would delay the upcoming data reporting period for clinical laboratories during which laboratories are required to report private payor data by one more year. This section would

3/26/20

also delay a scheduled reduction in Medicare payments for clinical diagnostic laboratory tests for beneficiaries in 2021.

**Sec. 3719. Expansion of the Medicare Hospital Accelerated Payment Program during the COVID-19 Public Health Emergency**

This section would expand, for the duration of the COVID-19 public health emergency, an existing Medicare accelerated payment program. Hospitals, especially those facilities in rural and frontier areas, need reliable and stable cash flow to help them maintain an adequate workforce, buy essential supplies, create additional infrastructure, and keep their doors open to care for patients. Specifically, qualified facilities would be able to request up to a six-month advanced lump sum or periodic payment. This advanced payment would be based on net reimbursement represented by unbilled discharges or unpaid bills. Most hospital types could elect to receive up to 100 percent of the prior period payments, with Critical Access Hospitals able to receive up to 125 percent. Finally, a qualifying hospital would not be required to start paying down the loan for four months and would also have at least 12 months to complete repayment without a requirement to pay interest.

**Sec. 3720. Delaying requirements for enhanced FMAP to enable state legislation necessary for compliance**

This section would amend the Families First Coronavirus Response Act to allow states more time to get in compliance with the requirements to ensure they are able to receive the 6.2 FMAP increase for their Medicaid programs.

Subtitle E— Health and Human Services Extenders  
Part I— Medicare Provisions

**Sec. 3801. Extension of the Work Geographic Index Floor Under the Medicare Program**

This section would extend the work Geographic Practice Cost Index (GPCI) floor. This section would increase payments for the work component of physician fees in areas where labor cost is determined to be lower than the national average by extending the current 1.0 physician work GPCI floor through November 30, 2020.

**Sec. 3802. Extension of Funding for Quality Measure Endorsement, Input and Selection**

This section would extend funding for quality measure endorsement, input, and selection; reporting requirements through November 30, 2020 to ensure CMS has the resources necessary to fulfill the agency's statutory obligations.

**Sec. 3803. Extension of Funding Outreach and Assistance for Low-Income Programs**

3/26/20

This section would extend funding, at the levels set in the Bipartisan Budget Act of 2018, through November 30, 2020 for outreach and education activities for Medicare beneficiaries, specifically, for the State Health Insurance Programs (SHIPs), Area Agencies on Aging, Aging and Disability Resource Centers, and The National Center for Benefits and Outreach Enrollment.