

## NCPA Member Summary of the CARES Act

High-level summary of relevant provisions for small business community and long-term care pharmacists contained in the **Coronavirus Aid, Relief and Economic Security (CARES) Act**. President Trump signed the CARES Act into law on March 27, 2020.

### NCPA advocacy at work for you

**NCPA successfully lobbied for immediate, readily accessible credit to small business community pharmacies to ensure they have the cash to pay their workers, rent, and other costs during this crisis.**

**NCPA successfully lobbied to restore the ability of small business community pharmacies to carryback any net operating losses against previous year tax payments.**

#### **Sec. 1102 – Paycheck Protection Program**

- The Paycheck Protection Program in the CARES Act will make it quick and easy for community pharmacies with fewer than 500 employees who maintain their payroll to receive 100 percent federally guaranteed cash-flow assistance loans<sup>1,2,3,4</sup> of up to \$10,000,000 through the Small Business Administration (SBA). Please note that although the CARES Act does not explicitly reference the North American Industry Classification System (NAICS) Code for pharmacies, all businesses with fewer than 500 employees are eligible for these loans.
- **All fees waived** for Paycheck Protection Program loans under the CARES Act.
- Loans can be used for **payroll support, employee salaries, mortgage and rent payments, utilities**, and any other debt obligations incurred before the covered period. **The portion of the loan used to cover payroll and payments on preexisting debt would be forgiven.**

#### **Sec. 1102 – Entrepreneurial assistance**

- The Act provides **grants** to offer **counseling, training, and related assistance** to community pharmacies affected by COVID-19.

#### **Business tax provisions**

- **Sec. 2301 – 50 percent refundable payroll tax credits on wages paid (or health benefits provided) up to \$10,000 during the crisis** available to businesses disrupted due to COVID-19 related shutdowns or experiencing a decrease in gross receipts of 50 percent or more compared to the same quarter last year. Credit available for employees retained but not currently working due to the crisis for businesses with more than 100 employees, and for all employee wages for businesses with 100 or fewer employees.
- **Sec. 2302 – Employer-side Social Security payroll tax payments** may be delayed until January 1, 2021 with 50 percent owed on December 31, 2021 and 50 percent owed on December 31, 2022.

<sup>1</sup> Sole proprietors and other self-employed individuals are also eligible for these loans.

<sup>2</sup> SBA loans will be funded by banks who are approved SBA lenders.

<sup>3</sup> Loans are conditional upon employers retaining employees and payroll levels during the covered period (March 1, 2020, through June 30, 2020) Employers that have laid off employees qualify for forgiveness if employees are rehired by April 1, 2020.

<sup>4</sup> Covers employees making up to \$100,000 a year.

- **Sec. 2303** – Businesses may take net operating losses (NOLs) earned in 2018, 2019, or 2020 and carry back those losses five years. The NOL limit of 80 percent of taxable income is also suspended, so **you can use the NOLs you have to fully offset taxable income.**
- **Sec. 2306** – The net interest deduction limitation, which currently limits businesses' ability to deduct interest paid on tax returns to 30 percent of earnings before interest, tax, depreciation, and amortization (EBITDA), has been expanded to 50 percent of EBITDA for 2019 and 2020, which will **help increase liquidity to address debt taken on during the crisis.**
- **Sec. 2308** – Of note for **compounding pharmacists**, the **federal excise tax on any distilled spirits used for or contained in hand sanitizer is waived** for calendar year 2020 as long as they are produced and distributed in a manner consistent with guidance issued by the Food and Drug Administration (FDA).

#### **Public Health and Social Services Emergency Fund – Grant support to reimburse other COVID-19 expenses**

- **Grant funding is available to reimburse** eligible health care providers, including **Medicare- or Medicaid-enrolled suppliers and providers**, for **health care-related expenses or lost revenues not otherwise reimbursed** that are directly attributable to COVID-19.

#### **Sec. 3714 – 90-day fill requirement**

- All Medicare Prescription Drug Plans (PDPs) and Medicare Advantage Prescription Drug (MA-PD) plans are **required to temporarily permit all Medicare Part D beneficiaries to obtain**, at the beneficiary's option, a **90-day supply of drugs in a single prescription fill**. Prohibits PDPs and MA-PD plans from permitting a Medicare Part D eligible individual to obtain a single fill or refill inconsistent with an applicable safety edit.

#### **Sec. 3713 – COVID-19 vaccine coverage**

- **Requires Medicare Part B plans to cover the COVID-19 vaccine without cost-sharing.** Coverage under Medicare would begin on the day the vaccine is FDA approved.

#### **Over the counter drugs**

- **Sec. 3702** – Health Savings Account (HSA) and Flexible Savings Account (FSA) funds **can be used to purchase OTC medical products**, including menstrual products.
- **Subtitle F** – FDA can approve OTC drug changes administratively rather than through the time-consuming full notice and comment rulemaking process, and incentivizes pharmaceutical companies to research and manufacture innovative products by providing an 18-month market exclusivity for new OTC drugs.

#### **What this means for your employees**

- **Sec. 1102** – The Paycheck Protection Program and business tax provisions provide incentives to **keep employees on the payroll**, while sick employees still have access to the leave that they need.
- **Sec. 2206** – For **pharmacy employees who receive assistance from their employers in paying off student loans**, those **employees will not have to pay income tax on any payment assistance up to \$5,250** that they receive between enactment of the *CARES Act* and January 1, 2021.
- **Sec. 6428** – The bill also provides for a **one-time federal income tax rebate for eligible employees in 2020**. The rebate amount would be **\$1,200 for individual tax filers and \$2,400 for joint filers**, with an additional rebate of \$500 for each child<sup>5</sup>.

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<sup>5</sup> The amount of the rebate will be reduced for single filers making more than \$75,000 and joint filers earning in excess of \$150,000.