

April 24, 2020

## **SBA Clarifies that Certain Public Hospitals are Eligible for Paycheck Protection Program**

As urged by the AHA, the U.S. Small Business Administration (SBA) today issued an [interim final rule](#) clarifying certain provisions implementing the Paycheck Protection Program (PPP), including whether public hospitals are eligible for a PPP loan. This program makes loan opportunities of up to \$10 million available for organizations with fewer than 500 total employees. These loans may be forgiven if at least 75% of the loan is used for payroll costs, among other terms.

According to the guidance, “a hospital that is otherwise eligible to receive a PPP loan as a business concern or nonprofit organization (described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code) shall not be rendered ineligible for a PPP loan due to ownership by a state or local government if the hospital receives less than 50% of its funding from state or local government sources, exclusive of Medicaid.”

The guidance also clarifies that an organization or business involved in a bankruptcy proceeding “at the time it submits the application or at any time before the loan is disbursed” would be ineligible to receive a PPP loan. The AHA had [urged](#) SBA to clarify these provisions of the program, created by the Coronavirus Aid, Relief, and Economic Security Act.

The President today signed the Paycheck Protection Program and Health Care Enhancement Act, which includes an additional \$310 billion for the PPP. The SBA will resume accepting PPP loan applications on Monday, April 27 at 10:30 a.m. ET from approved lenders on behalf of any eligible borrower. This will ensure that SBA has properly coded the system to account for changes made by the legislation.

### **Further Questions**

If you have questions, please contact AHA at 800-424-4301.