



Illinois Health and Hospital Association

April 24, 2020

**ILLINOIS HEALTH AND HOSPITAL ASSOCIATION  
MEMORANDUM**

**TO:** Chief Executive Officers, Member Small & Rural Hospitals  
Chief Operating Officers  
Chief Financial Officers  
Government Relations Personnel

**FROM:** A.J. Wilhelmi, President & CEO  
Sarah Macchiarola, Vice President, Federal Government Relations  
Cassie Yarbrough, Director, Medicare Policy

**SUBJECT: IHA Update: New Expanded Eligibility for PPP Loans**

**Certain government-owned hospitals are eligible to apply for potentially forgivable loans under the Paycheck Protection Program, according to new guidance from the Small Business Administration.**

**IHA urges eligible hospitals to apply quickly, as funds will likely be exhausted in the near future.**

According to an [interim final rule](#) released today from the Small Business Administration (SBA), certain government-owned hospitals are eligible to apply for potentially forgivable loans under the Paycheck Protection Program (PPP).

Specifically, the new guidance states on pages 6 and 7, **“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 PPP is intended to help businesses with fewer than 500 total employees (includes full- and part-time employees) keep their workforce during the pandemic. Loans may be used to pay for, among other things, salaries and benefits, rent, utilities, interest on mortgages, and interest on existing debt. Borrowers may be eligible for at least partial loan forgiveness if they either retain all of their employees on payroll, or if by June 1, 2020, they rehire employees to restore full time employees and salary levels for any changes made between February 1 and April 26, 2020. Under the loan requirements, 75% of the borrowed amount must be used for payroll costs.

Additional overview information from the Treasury, including information for borrowers and lenders, is available [here](#).

**IHA strongly advocated for the changes made today, however, we continue to urge the Administration to expand eligibility to hospitals affiliated with systems who individually meet the size requirement.**

Congress established the PPP loans in the CARES Act, enacted March 27, and provided \$310 billion in additional funds in legislation passed last night. Again, IHA urges eligible hospitals to apply immediately, as we expect funds to be exhausted in the near future. Hospitals that have received and had a loan forgiven under the PPP are ineligible for the payroll tax deferment option.

For more information or questions, contact Cassie Yarbrough, Director, Medicare Policy, at 630-276-5516 or [cyarbrough@team-iha.org](mailto:cyarbrough@team-iha.org)