

House Democrats Release Massive \$3 Trillion COVID-19 Stimulus Package

- *Lower chamber to consider relief legislation in session on Friday.*
- *Key provisions include aid for state and local governments, health program and provider policies, and additional direct payment relief.*
- *Legislation considered dead-on-arrival in Senate due to GOP opposition.*

Today, House Democrats introduced their sweeping **\$3 trillion “CARES 2.0” stimulus legislation** ([text](#); [section-by-section](#); [one pager](#); [state and local fact sheet](#)) following weeks of intraparty negotiations and assessments of current COVID-19 response efforts. If enacted, the Health Economic Recovery Omnibus Emergency Solutions (HEROES) Act would represent the largest federal response to the COVID-19 pandemic to date, with provisions that would provide another round of direct payments to individuals and families, additional funding for health care providers and COVID-19 testing, as well as nearly \$1 trillion in aid to state and local governments.

- **Context.** While the bill is on track to pass the House this week, it’s likely to do so on a party-line vote and **should be considered dead-on-arrival in the GOP-controlled Senate**. The bill contains several ambitious, “poison pill” provisions that will not be accepted by Senate Republicans — including a two-year repeal of the state and local tax (SALT) deduction limit, additional election funding to support mail-in ballots, and immigration-related measures, among other things. As such, **this legislation is effectively an opening salvo in bipartisan, bicameral negotiations on the next round of relief efforts**. To that end, a concrete timeline on an agreement for the next round of relief legislation is still unclear, as GOP lawmakers and the Trump administration have stated repeatedly that they would prefer to continue assessing the implementation of the Coronavirus Aid, Relief, and Economic Security (CARES) Act before moving onto another legislative response package.
- **Next Steps.** House Majority Leader Steny Hoyer (D-MD) announced that **Members will convene this Friday to consider the HEROES Act, as well as a rule change that would facilitate remote Congressional work**. The House plans to provide additional time in the vote series to promote sanitation and social distancing practices. Given these factors — as well as the numerous procedural votes expected throughout the next legislative business day — it’s expected that the vote on final passage will stretch into late Friday night and possibly into early Saturday morning.

Key policy provisions in the package include:

Health Care Providers

- **Provider Relief Fund.** The legislation would codify a Health Care Provider Relief Fund under the Health Resources and Services Administration (HRSA). Unobligated provider relief funds from the CARES Act and the additional post-CARES appropriation would be considered to be appropriated to the Provider Relief Fund, and the bill would also create another \$100 billion appropriation for the fund.
 - Distributions from the fund would be made quarterly under a defined formula: 100 percent of eligible expenses and 60 percent of lost revenues less any other funds received under the first four bills that do not have to be repaid. When determining net patient revenue for the purpose of lost revenues, Medicaid dollars are counted double and Medicare dollars are counted at 125 percent. Eligible providers include Medicare providers, Medicaid providers, public entities, and any other entity that the Secretary may specify. The bill would codify a prohibition on certain surprise bills as a condition of taking the funding, and it would require a public listing of awards under the fund.
- **Accelerated and Advance Payment Program.** The bill would lower interest rates required to be paid on loans to hospitals under the accelerated and advance payments program, extend the repayment period, and restrict the offsets HHS may impose on claim payments for repayment of the loans.
- **Other Appropriations.** The bill would appropriate:
 - \$7.6 billion for community health centers;
 - \$10 million for Ryan White HIV/AIDS clinics;
 - \$4.575 billion under the PHSSEF for BARDA to develop therapeutics and vaccines, support U.S.-based next generation manufacturing facilities, and promote innovation in antibacterial research;
 - \$3 billion for the Substance Abuse and Mental Health Services Administration, including for the Substance Abuse Prevention and Treatment Block Grant, the Community Mental Health Services Block Grant, and for grants to address COVID-19-related behavioral health needs; and
 - \$100 million for direct services such as meals and supportive services for seniors, disabled individuals, and caregivers.
- **Payments for Severe COVID-19 Patients.** The bill would create outlier payments for Medicare patients with a COVID-19 diagnosis whose costs exceed the established prospective payment rate. Hospitals would be reimbursed for 100 percent of the additional cost.
- **FMAP.** The bill would increase the Federal Medical Assistance Percentage (FMAP) to state Medicaid programs by 14 percentage points from July 1, 2020 through June 30, 2021.
 - The original 6.2 percent increase established in the previous relief legislation would be in effect through the end of June 2020 and from July 2021 through the end of the emergency declaration. Additionally, the bill would provide a ten percentage point increase to FMAP for Home and Community-Based Services (HCBS). No FMAP could rise above 95 percent.
- **DSH.** The bill would increase disproportionate share hospital (DSH) allotments by 2.5 percent during the emergency.

Other Health Care Priorities

- **COVID-19 Testing.** The bill would provide \$75 billion for a nationwide COVID-19 test and trace effort. The funding for the COVID-19 National Testing and Contact Tracing Initiative would be appropriated under the PHSSEF.

- The funding would be used in part to award grants to local health departments for testing, contact tracing, surveillance, containment, and mitigation of COVID-19. CDC would be required to lead the effort, including through guidance, technical assistance, and central coordination. Additionally, the legislation would require modernizations to public health data systems.
- **COVID-19 Cost Sharing.** The bill would require coverage of COVID-19 treatment, including drugs, with zero cost sharing in Medicare, Medicaid, group health plans, Exchange plans, and other government payers. Previous legislation required coverage of testing and vaccines with zero cost sharing. Furthermore, states would be given the option to cover COVID-19 treatment and vaccines at no cost sharing for uninsured individuals under their Medicaid programs.
- **Special Enrollment Periods.** The legislation would create a special enrollment period (SEP) for Medicare Parts A and B as well as for the Exchanges.
- **Supply Chain .** The bill includes the text of Energy & Commerce Health Subcommittee Chairwoman Anna Eshoo’s Prescription for American Drug Independence Act ([H.R. 6670](#)), modified to cover devices as well as drugs. That legislation would convene a National Academies panel to recommend strategies to end the U.S. medical supply chain’s reliance on foreign countries.
 - The HEROES Act would also require additional reporting from pharmaceutical and medical device manufacturers, provide an enforcement mechanism for certain existing supply-chain related requirements, and gives FDA the ability to destroy counterfeit medical devices. The president would also be required to appoint a Medical Supplies Response Coordinator as a central point of contact for coordinating supply chain-related emergency response.
- **Strategic National Stockpile.** The bill would give the Strategic National Stockpile the ability to create incentives for medical supply manufacturers to geographically diversify their production, using the language of the Medical Supplies for Pandemics Act ([H.R. 6531](#)).
- **Nursing Homes.** The bill would create incentive payments for nursing facilities to create COVID-19-specific facilities. It would also direct HHS to provide assistance to nursing facilities with infection control issues and to create a fund to help states create “strike teams” to help nursing homes manage outbreaks.
- **MFAR.** The bill would delay implementation of the Medicaid Fiscal Accountability Rule (MFAR) until the end of the public health emergency.
- **NEMT.** The bill would codify the requirement for state Medicaid programs to cover non-emergency medical transportation (NEMT), preempting discussions about making NEMT an optional benefit.

Small Business

- **EIDL Grants.** The bill boosts the Economic Injury Disaster Loan (EIDL) grant program with an additional \$10 billion.
- **PPP Eligibility.** The bill would expand eligibility for the small business Paycheck Protection Program (PPP) to all 501(c) non-profits — rather than only 501(c)3’s — with fewer than 500 employees, as well as critical access hospitals receiving some government financial support. It would also provide additional support for local news media outlets.
- **PPP Forgiveness.** The bill would increase flexibility for PPP loan forgiveness to include 24 weeks of expenses—up from the current eight weeks. Borrowers would also have until the end of the year—rather than only until June 30—to rehire laid-off workers and avoid a reduction in forgiveness.
 - They would also enjoy a hold-harmless provision preventing reductions in forgiveness if they cannot find the same worker or one with different skills. The

legislation would also undo regulatory actions that have limited forgiveness of non-payroll operating expenses to 25 percent of total forgiveness.

- **Transparency.** The bill would establish daily, weekly, and monthly reporting requirements to Congress for the small business programs established under the CARES Act.

Financial Services

- **Consumer and Small Business Lending.** The bill would suspend negative credit reporting and debt collection until 120 days after the end of the COVID-19 crisis and restricts “unreasonable repayment conditions” thereafter.
- **Pensions.** The bill would create an expanded partition program allowing the Pension Benefit Guarantee Corporation (PBGC) to take on increased financial obligations in distressed multi-employer pensions plans, many of whose fiscal solvency has been further strained by the crisis. It also provides a variety of other relief to multi- and single-employer plans such as the extended amortizations of funding shortfalls.
- **Housing.** The bill would establish a \$75 billion Housing Assistance Fund for homeowners impacted by the pandemic and expand the CARES act’s eviction and foreclosures moratorium to include all homeowners. Additionally, the legislation would provide an extra \$100 billion in emergency aid for low-income renters, as well as \$750 million to assist people living in project-based rental assistance properties.
- **Cannabis Banking.** The bill would establish a legal safe harbor for providing banking services involving state-legal cannabis businesses.
- **Student Loans.** The bill would extend the CARES Act’s federal student loan payment and interest suspensions an additional year, through September 2021. The legislation also provides student borrowers with \$10,000 in up-front debt discharge.

State and Local Government Aid

- **State Relief.** The bill would provide \$500 billion to assist all states with the fiscal impacts caused by COVID-19.
- **Local Relief.** The bill would provide \$375 billion to assist all local governments with the fiscal impacts caused by COVID-19. This includes:
 - \$187.5 billion for all counties based on population.
 - \$187.5 billion for all cities, including:
 - \$131.25 billion allocated under the formulas used to distribute Community Development Block Grant (CDBG) funding for entitlement cities.
 - \$56.25 billion for non-entitlement cities allocated via population.
- **FEMA.** The bill would provide \$1.3 billion in supplemental appropriations to the Federal Emergency Management Agency (FEMA), including set asides such as: (1) \$500 million for the Assistance to Firefighters Grant (AFG) Program; (2) \$500 million for Staffing for Adequate Fire and Emergency Response (SAFER) grants; and (3) \$100 million for Emergency Management Performance Grants (EMPG).
 - It would also waive cost-sharing requirements in the AFG and SAFER programs for distressed fire departments, as well as waive other program requirements to help expedite grant awards.
- **CDBG.** The bill provides a \$5 billion boost in supplemental appropriations to the Community Development Block Grant (CDBG) program.
- **COPS.** The bill would allocate \$300 million in supplemental appropriations to the Community Oriented Policing Services (COPS) program for law enforcement hiring grants and to help facilitate the purchases of PPE for local law enforcement. It would also waive local match and non-supplanting requirements.

Additional Key Provisions

- **Workforce Support.** The bill sets aside \$200 billion to provide hazard pay for essential health care workers and first responders. It would also require the Occupational Safety and Health Administration (OSHA) to promulgate a rule requiring employers to establish infection control plans, while also preventing employers from retaliating against workers who report infection control issues.
- **Economic Impact Payments.** The bill would provide an additional \$1,200 in direct payments to individuals and households, and retains the \$75,000 threshold established under the CARES Act. The bill would boost the amount for each dependent from \$600 to \$1,200, capping it at three dependents per filer.
- **Unemployment Insurance.** The bill extends the \$600 per week Federal Pandemic Unemployment Compensation (FPUC) supplement to state and federal unemployment benefits through Jan. 31, 2021.
 - It would also extend the unemployment relief provided to government entities and non-profit organizations through that same date, with technical corrections that allow states to waive the 50 percent owed by employers.
- **Postal Service.** The bill would provide the postal service with an additional \$25 billion aimed at stemming the USPS' economic hardships.
- **Food Security.** The bill provides a 15 percent increase to the maximum Supplemental Nutrition Assistance Program (SNAP) benefit. It would also allocate \$3 billion in supplemental appropriations to provide emergency financial relief to school meal providers.
- **Education.** The bill would provide more than \$100 billion in additional education funding. This includes \$90 billion in grant funding for states to distribute amount k-12 schools and public colleges, as well as \$10 billion for distressed higher education institutions and \$1.7 billion for historically black colleges and universities (HCBU).
- **Tax Credits.** The bill would boost the earned income and child and dependent care tax breaks, as well as extend subsidies for family and medical leave for workers. It would also repeal tax breaks Congress gave to businesses in the CARES Act that allow them to claim tax refunds by applying recent losses against previous years' taxes.
- **Child Care.** The bill would establish a new child care stabilization fund that would require HHS to award grants to state agencies for the purpose of providing subgrants to qualified child care providers. The allowable uses of this funding would include: (1) payroll and employee benefits; (2) mortgage or rent obligations; (3) sanitation and PPE needs; (4) boosted pay for entities that provide services during the COVID-19 emergency; and (5) adaptation to child care serves as a result of the pandemic.
 - To boost family care for essential workers, the bill would increase the overall authorization level for the Social Services Block Grant (SSBG) to \$12.15 billion, and would directly appropriate \$850 million to fund child and family care through the SSBG.
 - The bill would also provide \$10 billion in supplemental appropriations to the Administration for Children and Families (ACF), including \$7 billion for Child Care Development Block Grants (CCDBG).
- **Broadband.** The bill would allocate \$1.5 billion to close the "homework gap" by way of funding for Wi-Fi hotspots and connected devices for students and library patrons. The bill would also provide \$4 billion for emergency home connectivity needs.
 - Additionally, it would prohibit telecom providers from cutting off service or charging late fees to consumers unable to pay their bills during the outbreak —

codifying a voluntary pledge that some internet service providers (ISPs) have committed to through the end of June.

- **Transit.** The bill allocates additional supplemental appropriations to Transportation, Housing and Urban Development, and Related agencies, including: (1) \$15.75 billion in transit emergency relief grants; (2) \$75 million to the Federal Aviation Administration to cover janitorial services at air traffic control towers and hazard pay; and (3) \$15 billion in grants to support the ongoing work of state and local transit agencies.