



O'Donnell, Weiss & Mattei, P.C.



**OWM Law Special Newsletter**  
**April 23, 2020**  
**COVID-19 Additional Information**

The goal of our weekly updates is to continue to provide you with relevant information relating to the impacts of COVID-19 on your business and/or personal life. If any of the articles pertain to you, we hope you find them useful, if not, please excuse the inbox clutter.

**-FEATURE ARTICLES:**

- *Loan Forgiveness Under the Paycheck Protection Program*
- *How Do Economic Payments Affect Your Medical Assistance Eligibility?*

**-OWM FIRM NEWS**

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Joseph K. Koury, Esq.

## Loan Forgiveness Under the Paycheck Protection Program

The Paycheck Protection Program (PPP) is a business loan program established by the CARES Act to help keep employers paying their workers. The PPP allows employers to apply for low-interest loans to pay for their payroll and certain other costs such as rent, interest, and utilities. The loan may be forgiven if the employer keeps employee count and wages continuous.

Under the CARES Act, employers may use PPP loan proceeds to pay any of the following: payroll costs, which include salaries and wages, payments for vacation, parental, family, medical or sick leave, severance payments, and similar benefits; interest on any debt or mortgage obligations that existed prior to 2/15/2020; rent under a lease agreement in force before 2/15/2020; and utility payments for which service began before 2/15/2020.

Per guidance from the SBA, for employers to be eligible for loan forgiveness, they should plan to spend at least 75% of the loan proceeds on “payroll costs.” To assess eligibility for forgiveness, the bank originating the loan will evaluate the employer’s use of loan proceeds during the eight-week period following the loan’s origination, known as the “covered period.” Employers should carefully record how loan proceeds are used.

The amount of loan forgiveness may be reduced if there has been a reduction in full-time equivalent employees during the covered period. The amount of loan forgiveness is further reduced if employees who made less than \$100,000 in annualized wages in 2019 receive a reduction in pay of more than 25% during the covered period. Reductions in employment or salary that occur between 2/15/2020 and 4/26/2020 will not reduce the amount of loan forgiveness if, by 6/30/2020, the employer eliminates the reduction in employees or the reduction in wages through the rehiring of employees or the restoration of wages. Forgiveness of a PPP loan is not considered taxable income to an employer.

As always, the [business attorneys of OWM Law](#) are prepared to assist you with your business needs. If you would like to discuss the above in more detail, please call [Joseph Koury, Esq.](#), at 610-323-2800 or send an email to [jkkoury@owmlaw.com](mailto:jkkoury@owmlaw.com).

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## How Do Economic Impact Payments Affect Your Medical Assistance Eligibility?

With the signing of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law on March 27, 2020, eligible individuals will begin receiving their one-time payments. Under the bill, one-time checks in the amount of \$1,200 will go to individuals (\$2,400 for couples who file joint taxes) who earned less than \$75,000 (\$150,000 for joint filers) on their most recent tax returns, which is either the person’s 2018 or 2019 returns, depending on if they have already filed for this year. Individuals earning up to \$99,000 (\$198,000 for joint filers) will receive smaller relief checks. Additionally, families are entitled to \$500 per child under the age of 17 in the household. The first wave of direct deposits went out beginning on April 11th.



Rebecca A. Hobbs,  
Esq., CELA

Many of you may have questions regarding how these payments will affect your Medical Assistance eligibility. The Pennsylvania Department of Human Services recently released guidance on the impact on these recovery rebates to individuals that are on Medical Assistance, this includes individuals participating in Community HealthChoices, the Living Independence for the Elderly (LIFE) program, OBRA waiver, and Act 150 programs. Below please find the guidance that was posted. To read the official Release, click the link here: <https://www.owmlaw.com/wp-content/uploads/sites/322/2020/04/EconomicImpactPaymentsandOLTLParticipants4-17-20.pdf>

**Q2: How will receipt of the economic impact payment affect participant resources? Will participants be over the resource limit?**

A: The portion of the economic impact payments that are spent within 12 months of receipt are considered an excluded resource for MA eligibility. Any portion of the payment that is not spent within 12 months of receipt is a countable resource.

**Q3: How does the state/County Assistance Offices (CAO) plan to handle?**

A: DHS has provided instruction to the CAOs on how the economic impact payments affect MA eligibility.

**Q4: Do these payments need to be reported as income for the month they're received? Will they count as income in the month they're received?**

A: The payment must be reported to the CAO, but it will be considered excluded income for MA eligibility.

**Q5: Does the economic impact payment need to be included in the resident liability (patient pay) for the month?**

A: No. The payment will not be counted to determine the patient pay.

If you have any questions or would like to discuss the above in detail, please do not hesitate to contact [Rebecca A. Hobbs, Esq., CELA](mailto:Rebecca.A.Hobbs.Esq.,CELA), at 610-917-9347 or send an email to [rhobbs@owmlaw.com](mailto:rhobbs@owmlaw.com).

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## Firm News

In complying with Governor's Order, as of March 20, 2020, our OWM Law physical office locations are closed; however, we are still operating remotely with full service for our clients and our referral sources. You can reach all of our attorneys and staff by phone or email as usual.

Read our article in 422 Business Advisor March 2020 edition and learn a little more about OWM Law: [http://www.422business.com/sites/default/files/Rt422BA\\_Mar2020\\_Pottstown.pdf?fbclid=IwAR2XyhGwR5IY3m6kHGkUehC2qSt\\_HfM6yjZI\\_FSnh\\_izYHs3OXf93NeliVg](http://www.422business.com/sites/default/files/Rt422BA_Mar2020_Pottstown.pdf?fbclid=IwAR2XyhGwR5IY3m6kHGkUehC2qSt_HfM6yjZI_FSnh_izYHs3OXf93NeliVg)



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**O'DONNELL, WEISS & MATTEI, P.C**

41 E. High Street  
Pottstown, PA 19464  
610-323-2800  
Fax: 610-323-2845

347 Bridge Street, Ste. 200  
Phoenixville, PA 19460  
610-917-9347  
Fax: 610-917-9348

[www.owmlaw.com](http://www.owmlaw.com)