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July 29, 2020

The Honorable Seema Verma
Administrator
U.S. Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Administrator Verma:

It has come to our attention that the Centers for Medicare and Medicaid Services (CMS) may have notified certain health care providers that the value of forgivable loans received through the Paycheck Protection Program (PPP) must be deducted from the operating expenses reported by the provider to Medicare. As the authors of the PPP, we assure you that such an offset would be directly contrary to Congressional intent and, if these reports are accurate, we respectfully request that you reconsider and reverse CMS' interpretation as soon as possible.

The goal of the PPP is to protect America's small employers and their employees so that jobs are retained and the economy can rebound quickly when the pandemic subsides. To achieve this, the PPP provides low-interest loans that are completely forgivable if the employers use the funds to retain and pay their employees, as well as to cover certain limited overhead items. Loan forgiveness is especially important to small and rural health care providers, which were struggling to remain viable before the pandemic and have since experienced increases losses when CMS recommended the cessation of elective and non-emergency services in March.

In designing these forgivable loans, we were acutely aware that the vast majority of small employers – including health care providers – could not prudently take on debt to pay their staff while revenues were plunging. We also understood that many would feel they had no choice but to decline the loans and lay off their staff if they faced uncertainty on the requirements for loan forgiveness. Further, we strongly believe that any effort to recapture or disallow loan forgiveness – which is what reports indicate the CMS interpretation would do – would defeat the goal of the PPP and threaten the livelihood of small providers amidst at global pandemic. Recognizing that millions of jobs were at risk, we deliberately designed these loans to be forgivable so long as employers met the conditions set out in the law, and used the money to keep staff paid and employed.

The Paycheck Protection Program has been a crucial lifeline for our nation's small and rural health care providers, their staff, and the many Americans who rely upon their services. If CMS requires providers to offset the value of PPP loans from their operating expenses, CMS would undermine the PPP and deepen the crisis already facing small and rural health care providers around the country.

We appreciate your immediate attention to this critical issue for Medicare and Medicaid providers.

Sincerely,



Susan M. Collins
United States Senator



Marco Rubio
United States Senator



Jeanne Shaheen
United States Senator