



The Eliminating the Provider Relief Fund Tax Penalties Act

On March 19, 2021, bipartisan legislation was introduced in the U.S. House of Representatives aimed at ensuring financial relief given to healthcare professionals during the pandemic is not diluted through taxation. Currently, Public Health and Social Services Emergency Fund (PHSSEF) assistance that was allocated in the 2020 CARES Act is taxable, and unless congressional action is taken, recipients will be on the hook to pay. As a reminder, this funding was allocated to supply critical cash flow to providers during the COVID-19 pandemic. H.R. 2079, **The Eliminating the Provider Relief Fund Tax Penalties Act of 2021, would make sure Provider Relief Funds and similar funding provided in response to COVID-19 is not taxable.**

Specifically, the bill would work to:

- Ensure Provider Relief Funds and similar funding provided in response to COVID-19 is not taxable;
- Ensure entities receiving these funds maintain tax deductions attributable to these funds

Why This Legislation Matters:

Healthcare professionals have faced significant operational, financial, and business challenges during the COVID-19 public health emergency. Congress' allocation of \$175 billion in financial relief to healthcare professionals through the PHSSEF has been necessary and greatly appreciated. Without the allocation of this vital funding, immense financial pressures for healthcare professionals would result in practice closures, continued private practice acquisitions by large health systems and private equity and an exacerbation of physician access issues in rural and underserved areas.

Now that the 2020 fiscal year has closed, issues have arisen around the tax implications associated with accepting those funds distributed by the Department of Health and Human Services, **resulting in a 21% or more reduction to the benefit for taxpaying providers as compared to non-taxpaying providers.** This significant tax burden is in direct opposition to the congressional intent of the funds allocated through the PHSSEF, which was to provide financial stability and relief to our nation's healthcare system.

This programmatic change of not taxing this pandemic relief is essential to continuing to support our members and their employees during this unprecedented national health crisis.

AAOS Recommends:

Support pandemic provider relief by cosponsoring The Eliminating the Provider Relief Fund Tax Penalties Act of 2021 (H.R. 2079)

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