



MOORE INGRAM JOHNSON & STEELE
A LIMITED LIABILITY PARTNERSHIP

The Families First Coronavirus Response Act (FFCRA)

FFCRA applies to small employers (with fewer than 500 employees). FFCRA provides paid-leave benefits to COVID-19 affected employees. Affected employers receive tax credits equal to the amount paid in benefits. This law takes effect Thursday, April 2, 2020. At that time, employers are required to post notice of the Act's requirements in conspicuous places where notices to employees are customarily posted (the notice has not yet been published).

COVID-19 Testing:

The Act requires that all employer-sponsored health plans must cover at no cost to employees, certain costs and services related to testing of this virus at health care facilities and via tele-health visits. No copays, deductibles or coinsurance charges can be charged for these diagnostic products or services in order to incentivize people to get tested quickly. Employers receive tax credits for any increased employer-sponsored health plan costs.

Mandatory Paid Leave (FMLA & FLSA expansion):

1. FMLA:

FFCRA allows for employees (with 30+ days of employment) to be permitted to take up to 12 weeks of COVID-19 job-protected leave. An employer can require the employee to first use any vacation or PTO (up to 10 days); however, after the 10 vacation days or PTO is used, the employer must pay 2/3 of the employee's regular rate (up to \$200 per day, capped at \$10,000 in the aggregate). Leave may be taken for the employee's own COVID-19 illness/quarantine/self-isolation, or to care for a sick COVID-19 family member or a child whose school or child-care location has been closed.

The U.S. Department of Health and Human Services (HHS) can exempt certain health service companies as well as organizations with 50 or fewer employees. Under certain conditions, an employee's return to work is not guaranteed for an employer with 25 employees or less. Regulations on these provisions have not yet been published.¹

2. Emergency Paid Sick Leave (FLSA):

FFCRA requires payment of two-weeks (i.e. 80 hours for full-time employees, and the typical number of hours a part-time employee works over a two-week period) paid sick leave, up to \$511/day (capped at \$5,110) for a COVID-19 sick/quarantined/self-isolated employee; or up to \$200/day (capped at \$2,000) to care for a sick COVID-19 family member or a child whose school or child-care location has been closed.

Tax Credits & Tax Relief:

FFCRA provides employers with new tax credits equal to the new benefits paid. Benefit payments are exempt from the 6.2% Social Security tax. And while employers must pay the 1.45% Medicare tax, they can also claim a credit for that outlay.

¹ As this law has not yet been enacted, and the pertinent notifications and regulations have not yet issued, please consider this as preliminary advice only, based on what we currently understand.