

## Medicare's Accelerated and Advanced Payment (AAP) loan repayment has started as of March 30<sup>th</sup>, 2021.

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In March 2020, the Centers for Medicare and Medicaid Services expanded the Accelerated and Advanced Payment Program (AAP) due to the COVID-19 Public Health Emergency, in an effort to increase cash flow to providers.

CMS pushed out over \$34 billion dollars in these loans.

Members who engaged or applied for these advanced payments, were advised that if they received APP funds, repayments will happen, as these are “loans” and not “grants” under the CARES Act. They will be recouped. These were **not** PRFs (Provider Relief Funds) to be forgiven. These particular funds were a “pre-payment” of anticipated Medicare revenues from future services/payments.

Under the original terms, repayment for these funds was to begin August 10<sup>th</sup> 2020, or 120 days after issuance.

Due to the unforeseen extended pandemic, the repayment start date was extended to March 30<sup>th</sup>, 2021. This repayment has restarted as of last Tuesday, and comes in the form of Medicare offsets, meaning that the payment a provider or hospital receives for a Medicare part A or Part B claim, or multiple claims, will have a deduction for the AAP.

On, Thursday, April 1<sup>st</sup>, CMS issued information about repayment of COVID-19 Accelerated and Advance Payments. “If you requested these payments, learn how and when we’ll recoup them:

- Identify payments we recovered
- Prepare your billing staff”

The payments were made available to Part A providers, including hospitals, and Part B suppliers, including doctors, non-physician practitioners and durable medical equipment (DME) suppliers. While most of these providers and suppliers could have received three months of their Medicare reimbursements, certain providers received up to six months in advanced payments.

The CMS Accelerated and Advance Payment Program is funded from the Hospital Insurance (Part A) and Supplementary Medical Insurance (Part B) trust funds, which are the same fund

used to pay out Medicare claims each day. This is why the advance and accelerated payments are ***loans*** that providers ***must pay back***.

It is important to note, this funding is separate from the \$100 billion provided in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act appropriation is a payment that does not need to be repaid. Again, why many healthcare consultants and accountants a like, strongly discouraged providers from applying for these loans, is due to the hardship of not planning for this repayment will now cause.

***Details of the Repayment Plan:***

Under the Continuing Appropriations Act, 2021 and Other Extensions Act, repayment will now begin one year from the issuance date of each provider or supplier's accelerated or advance payment. After that first year, Medicare will automatically recoup 25 percent of Medicare payments otherwise owed to the provider or supplier for eleven months. At the end of the eleven-month period, recoupment will increase to 50 percent for another six months. If the provider or supplier is unable to repay the total amount of the accelerated or advance payment during this time-period (a total of 29 months), CMS will issue demand letters requiring repayment of any outstanding balance, subject to an interest rate of four percent consistent with the Continuing Appropriations Act, 2021.

For more details on the AAP loan repayments, and the first quarter Medicare/CMS rules and regulations updates, register for our upcoming NSCHBC Medicare 1<sup>st</sup>, Quarter Provider Updates Webinar at [https://nschbc.org/catalog\\_qtrly](https://nschbc.org/catalog_qtrly)

***References:***

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