

# United States Senate

WASHINGTON, DC 20510

July 24, 2020

The Honorable Mitch McConnell  
Majority Leader  
United States Senate  
317 Russell Senate Office Building  
Washington, DC 20510

The Honorable Chuck Schumer  
Democratic Leader  
United States Senate  
322 Hart Senate Office Building  
Washington, DC 20510

The Honorable Nancy Pelosi  
Speaker  
United States House of Representatives  
H-232 Capitol Building  
Washington, DC 20515

The Honorable Kevin McCarthy  
Minority Leader  
United States House of Representatives  
H-204 Capitol Building  
Washington, DC 20515

Dear Leader McConnell, Leader Schumer, Speaker Pelosi and Leader McCarthy:

As you negotiate a legislative package to address the ongoing health and economic impact of the novel coronavirus or “COVID-19” pandemic, we write to urge you to include critical modifications to the Medicare Accelerated and Advance Payments program. This program has provided hospitals, nursing facilities, physician practices and other health care providers across this country with vital financial assistance to help ensure ongoing liquidity during this time when providers’ revenues have steeply declined and COVID-19 response expenses have increased. However, without revisions to the terms and repayment schedule of the program and an option for forgiveness of upfront payments provided by the program, health care providers will face significant financial stress during the months ahead, at a time when we need to ensure continued availability of care and services.

To date, the Centers for Medicare and Medicaid Services (CMS) has provided approximately \$100 billion in accelerated and advance payments to health care providers.<sup>1</sup> These upfront payments are designed to match the amount of Medicare Fee-for-Service (FFS) revenue that an applicable provider received during a three- to six-month time period before the pandemic, in 2019. The payments effectively operate as a loan from the Medicare program. The Medicare program is then authorized to recover the balance of those loans by recouping future Medicare FFS payments that would otherwise be made to the provider. However, the recoupment terms and schedule are simply not feasible for many health care providers during this ongoing public health and economic crisis. Beginning in August, CMS is scheduled to begin recouping Medicare payments from thousands of health care providers in order to start recovering the cost of the upfront payments that providers received just four months ago in April. This quick timeframe for the start of recoupment is exacerbated by the fact that CMS is scheduled to recoup 100 percent of each Medicare FFS claim from the provider until the entire balance of the upfront payment is recovered. These recoupment terms could threaten liquidity and financial stability for many health care providers. For health care providers that have not repaid the balance of the upfront payment amount within one year after the upfront payment is made, CMS could assess interest rates in excess of 10 percent on the unpaid balances, which could further challenge providers’ finances.

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<sup>1</sup> Centers for Medicare and Medicaid Services, “Medicare Accelerated and Advance Payments: State-by-State and by Provider Type,” Accessed: July, 20, 2020. Available at: <https://www.cms.gov/files/document/covid-accelerated-and-advance-payments-state.pdf>

These recoupment terms and schedules are not sustainable in the current environment where monthly revenues for hospitals and other health care providers remain significantly below pre-pandemic levels. To help health care providers confront these ongoing financial challenges, Congress must keep all options on the table. This includes ensuring that health care providers have an option for forgiveness of the balances owed. Congress must also ensure that, at a minimum, the recoupment and interest accrual timelines are delayed, action is taken to substantially limit the percentage of a Medicare claim that can be recouped and the interest rate is revised significantly downward.

Our health care providers have risen to the challenge on the frontlines of this pandemic. These providers have followed COVID-19 mitigation protocols, including cancellation of elective procedures and visits, at a substantial financial cost to their organizations. Health care providers have also faced new challenges, such as acquiring sufficient personal protective equipment to keep patients and health care staff safe. All of these necessary actions have led to a difficult financial environment for health care providers. Together we must make changes to the Medicare Accelerated and Advance Payments program and ensure that the program does not exacerbate these providers' financial struggles in the midst of this ongoing crisis.

We urge you to ensure that the critical modifications noted above are made to improve the Medicare Accelerated and Advance Payments program. Thank you for your attention to this vital issue.

Sincerely,



Jeanne Shaheen  
United States Senator



Michael F. Bennet  
United States Senator



Debbie Stabenow  
United States Senator

/s/ Jack Reed

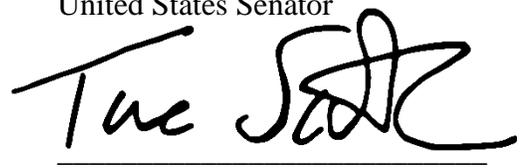
Jack Reed  
United States Senator



Margaret Wood Hassan  
United States Senator



Kyrsten Sinema  
United States Senator



Tina Smith  
United States Senator



Gary C. Peters  
United States Senator

/s/ Martin Heinrich  
Martin Heinrich  
United States Senator

Amy Klobuchar  
Amy Klobuchar  
United States Senator

Joe Manchin III  
Joe Manchin III  
United States Senator

Richard Blumenthal  
Richard Blumenthal  
United States Senator

Elizabeth Warren  
Elizabeth Warren  
United States Senator

Robert Menendez  
Robert Menendez  
United States Senator

Edward J. Markey  
Edward J. Markey  
United States Senator

Sheldon Whitehouse  
Sheldon Whitehouse  
United States Senator