

October 9, 2020

CMS Announces New Repayment Terms for Accelerated and Advance Payment Programs

The Centers for Medicare & Medicaid Services (CMS) Oct. 8 [announced](#) new repayment terms for payments received under its Accelerated and Advance Payment (AAP) programs. The announcement implements provisions of the Continuing Appropriations Act, 2021 and Other Extensions Act, which was enacted on Oct. 1, 2020. The repayment terms are amended for *all* providers and suppliers who requested and received AAPs during the COVID-19 public health emergency.

In addition to describing the new terms, CMS announced that the agency will no longer accept applications for AAPs as they relate to COVID-19.

The new repayment terms are described below.

Repayment start time. Repayment begins one year from the date the AAP was issued. Previously, repayment began 120 days after the issuance of payment.

Recoupment schedule. Once repayment begins, Medicare payments owed to providers and suppliers will be recouped at a rate of 25% for 11 months. After the 11-month period, Medicare payments will be recouped at a rate of 50% for six additional months. The withhold/recoupment rate had previously been 100%.

Remaining balance. After the repayment period ends (i.e., after the 12-month grace period and 17-month repayment period), a letter for any remaining balance of the AAPs will be issued. Providers and suppliers will have 30 days from the date of the letter to repay the balance in full. If payment is not received within 30 days, interest will accrue at the rate of 4% from the date the letter was issued, and will be assessed for each full 30-day period that the balance remains unpaid.

Providers and suppliers experiencing financial hardship are able to submit requests for an Extended Repayment Schedule (ERS) to their assigned Medicare Administrative Contractor (MAC) after the letter is issued. Specifically, the provider would need to meet specified criteria related to financial “hardship” or “extreme hardship” under 42 C.F.R. 401.607(c)(2) in order to be eligible for an ERS.

Additional repayment flexibility. A provider or supplier may repay their AAP at any time before or during the repayment period by contacting their MAC. Providers and suppliers can submit one or more lump sum payment to pay off their AAP amount. If

such payment is repaid in full, the repayment terms above will not apply. Providers and suppliers interested in making voluntary lump sum payments should contact their MAC for further instructions regarding this option.

Periodic Interim Payment (PIP) hospitals. Per the CMS factsheet, the recoupment process from bi-weekly PIP payments will begin after 12 months from the date the provider received their accelerated payment. Repayment will align with the recoupment schedule for non-PIP providers. Accelerated payments will not be included in the reconciliation and settlement of final cost reports.

CMS has established COVID-19 hotlines at each MAC to assist with AAP questions and concerns. Please see CMS' [factsheet](#) and [FAQ](#) document for more details on the AAP program, new repayment terms, and MAC hotline information.

FURTHER QUESTIONS

If you have questions, please contact the AHA at 800-424-4301.