Healthcare Law Alert: CMS Changes Repayment Terms for Accelerated and Advance Payment Program Loans

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The Centers for Medicare & Medicaid Services (CMS) has announced that it has amended the terms for repayment of advance loans under the Medicare Accelerated and Advance Payment (AAP) Program. Under the loan program, AAP loan funds were advanced to Medicare providers to alleviate the financial burden of those experiencing cash flow issues in the early months of the COVID-19 pandemic.

Providers were originally required to make repayments on their AAP loans starting in August of this year, but repayment has now been delayed until one year after the date an AAP loan payment was issued to the provider. After that first year, CMS will automatically recoup 25% of Medicare payments otherwise owed to the provider or supplier for up to 11 months. At the end of the 11 month period, recoupment will increase to 50% for up to another six months. If the provider is unable to repay the total amount of the loan during this time period (a total of 29 months), CMS will issue letters requiring repayment in full of any outstanding balance within 30 days. If full payment is not received within 30 days, the outstanding balance will be subject to a 4% interest rate.

Please note that providers are permitted to use grant money received under the HHS Provider Relief Fund to repay an AAP loan. CMS will be communicating with each provider in the coming weeks as to the repayment terms and amounts owed for any AAP loan issued.

Providers who are experiencing financial hardships may request an Extended Repayment Schedule (ERS). An ERS is a debt installment payment plan that would allow a provider or supplier to pay debts over the course of three years, or, up to five years in the case of extreme hardship. Providers may contact their Medicare Administrative Contractor (MAC) for information on how to request an ERS. New Jersey providers should contact Novitas Solutions, Inc. at 1-855-247-8428. New York providers should contact National Government Services at 1-888-802-3898

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