

## The Issue

**The Centers for Medicare & Medicaid Services' (CMS) accelerated/advance payment program provides necessary funds when there are disruptions in claims submission and/or processing. The Coronavirus Aid, Relief, and Economic Security (CARES) Act expanded the program to include not only acute care hospitals, but also critical access hospitals (CAHs), children's hospitals and cancer hospitals during a public health emergency. CMS further expanded eligibility for accelerated/advance payments during the COVID-19 public health emergency to all Medicare providers and suppliers.**

### Accelerated/Advance Payment Terms

Accelerated/advance payments function as a loan and must be repaid to CMS in full. The Continuing Appropriations Act, 2021 and Other Extensions Act, enacted on Oct. 1, 2020, established new repayment terms for accelerated/advance payments. Among other provisions, the new terms include:

- One year (from date payment was issued) before repayment begins – *hospitals began repayment as early as April 2021*;
- 25% withhold of Medicare claims during the first 11 months of repayment, followed by a 50% withhold during the subsequent six months; and
- 4% interest applied to any remaining balance at the end of the repayment period.

### Impact to Hospitals and Health Systems

CMS provided approximately \$90 billion in accelerated loan payments to hospitals during the initial phase of the pandemic. These payments served as critical life lines to hospitals and health systems. They've provided crucial funding to support the front-line personnel treating patients; the construction of new sites of care to minimize the virus' spread; and the purchase of ventilators, drugs and supplies to care for the critically ill.

However, the requirement to repay these funds could place hospitals and health systems back in financial jeopardy while they work to recover from this unprecedented pandemic. Providers continue to see increases in supply and labor costs. For example, labor expenses are up 19.5% on a per adjusted discharge basis compared to levels in 2019. This continued financial squeeze on the hospital field could result in continued pressure on tired front-line caregivers and diminished access to care.

## AHA Take

The AHA urges Congress to provide relief for all hospitals with accelerated/advance payment program loans, including acute care hospitals, CAHs, children's hospitals, cancer hospitals, long-term care hospitals, inpatient rehabilitation hospitals, inpatient psychiatric hospitals and extended neoplastic disease care hospitals. Recoupment of these payments is creating a significant financial burden on hospital and health systems during the ongoing pandemic. **We ask Congress to suspend repayments for six months and allow for recoupment after the repayment suspension at 25% of Medicare claims payments for the following 12 months.**

- Hospitals are the nation's primary source of COVID-19 treatment and are again facing a surge in COVID-19 hospitalizations and need additional support to continue serving patients.
- Providers will continue to face historic financial and care delivery challenges throughout this extended public health emergency and beyond.
- Accelerated/advance payment relief is necessary for providers to recover and rebuild while maintaining the delivery of care that patients and communities are depending on.