



MEDICARE ACCELERATED & ADVANCED PAYMENTS – INCREASED RECOUPMENT

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Medicare Accelerated & Advanced Payments – Increased Recoupment

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In April 2020, most providers took advantage of the ability to request Medicare advance payments in response to the COVID-19 pandemic. These funds provided flexibility and allowed many to meet payroll and to remain open. The program included no repayment for the first year, and a 25% recoupment against claims for the following eleven months. However, this repayment will now increase to 50% of claims.

As part of the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act), the Centers for Medicare and Medicaid Services (CMS) was authorized to expand the Accelerated and Advance Payments (AAP) program.

The expanded AAP program allowed CMS to issue advance Medicare reimbursement payments to providers and suppliers to help reduce the financial disruption in claims submission and/or claims processing due to the COVID-19 public health emergency.

A component of the Continuing Appropriations Act, 2021 and Other Extensions Act issued by Congress amended the repayment terms for the AAP as follows:

- Repayment will now begin one year after the date of the issuance of the payment.
- During the first 11 months after repayment begins, repayment will occur through an automatic recoupment of 25% of Medicare payments otherwise owed to providers.
- During the succeeding six months, repayment will occur through an automatic recoupment of 50% of Medicare payments otherwise owed to providers.
- If providers are unable to repay the total amount of the accelerated or advance payment through recoupment within 29 months, they will receive a demand letter requiring repayment of any outstanding balance, subject to an interest rate of 4% per year.

The repayment process will begin automatically with no action required by the provider/supplier. CMS does not have the authority to reduce the recoupment percentage, even if a provider requests this reduction.

Providers have most likely seen an increase in the amount they are paying back to CMS for the AAP recently.

Below is an example of the repayment process timeline:

- April 30, 2020: Provider received AAP
- April 30, 2021: Repayment begins one year from loan issuance
- April 30, 2021 to March 31, 2022: Medicare automatically recoups 25% of AAP each month for 11 months
- April 1 to September 30, 2022: Medicare automatically recoups 50% of AAP each month for six (6) months
- October 1, 2022: If the AAP has not been completely paid back, Medicare will issue the provider a demand letter for the remainder of the loan. This component will be subject to a 4% annual interest rate.

If a provider is unable to fulfill this timeline, they can contact their Medicare Administrative Contractor (MAC) and submit a request for an Extended Repayment Schedule (ERS). This allows providers to extend debt payments over the course of three (3) years, and, under certain conditions, up to five (5) years.