



National Indian Health Board NATIONAL TRIBAL COVID-19 RESPONSE

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Accelerated and Advance Payments Program

Background

On March 27, 2020, President Donald Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law. On March 28, the Centers for Medicare and Medicaid Services (CMS) followed up by announcing the expansion of the Accelerated and Advance Payments Program, which was previously open only to a subset of Medicare Part A providers and Part B suppliers and intended to deal with disruptions in claims submission/processing. Now, any Medicare provider/supplier that may need an advance payment in order to cover losses due to COVID-19 is eligible to apply for this program. The expansion lasts through the end of the public health emergency.

How It Works

The Accelerated and Advance Payments Program is essentially a short-term loan that is provided to Medicare providers. Providers will have to pay this money back to CMS within a specific timeframe in order to avoid accruing interest on the amount advanced to them.

Eligibility for funding is determined in the following ways¹:

- Most providers are able to request up to 100% of their Medicare Payment Amount for a three month period.
- Inpatient acute care hospitals, children's hospitals, and certain cancer hospitals are able to request up to 100% of their Medicare Payment Amount for a six month period.
- Critical Access Hospitals can request up to 125% of their payment amount for a six month period.

In order to apply, an applicant must reach out to their Medicare Administrative Contractor (MAC)². According to CMS guidance, MACs will work to review and disburse funding within seven days. Providers can decide whether to receive the money in a lump sum or through periodic payments.

Repayment

According to CMS guidance, inpatient acute care hospitals, children's hospitals, certain cancer hospitals, and Critical Access Hospitals will have one year from the date of payment was received to repay their balance. All other providers must repay within 210 days.

¹ More information is available through a CMS fact sheet, available [here](#).

² You can find more information on MACs by clicking [here](#).



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If a provider is unable to repay their amount within the specified time period, it will begin to accrue interest. According to Section 1815(d) of the Social Security Act, interest shall accrue at a rate set by the Secretary of the Treasury, which is currently set at 10.25%³.

Advocacy Efforts

The accruing of interest on unpaid balances has attracted the attention of advocacy organizations and even a bipartisan group of Senators. On April 6, the American Hospital Association (AHA) sent a [letter](#) to CMS to request that CMS exercise existing authorities to reduce or waive the interest. A couple days later, a bipartisan group of 34 U.S. Senators also sent a [letter](#). These advocacy efforts emphasize the vulnerability of under resourced hospitals and the potential hardship that may result from having to repay their advanced payment with interest.

Conclusion

Given the status quo and the potential for a 10.25% interest rate on providers that are unable to repay within their specified time period, Tribal hospitals should exercise extreme caution when considering the Advance Payments option. While advocacy efforts are underway to persuade CMS to take action to reduce or waive the interest rate, there is no guarantee that these efforts will succeed. In fact, CMS has already pushed back on the idea. As the AHA notes in its most recent letter, CMS previously argued that it lacked the authority to waive the loan interest in its response to an earlier AHA [request](#) on March 30 to exercise that flexibility.

As the Senators note in their letter, under the CARES Act, the Secretary is not allowed to require hospitals to repay their Advance Payment “not less than 12 months” after the first payment. The one year requirement is not set in statute, so the Secretary could extend this repayment period indefinitely and into a time when economic conditions might be more favorable.

Whether CMS will decide to modify the status quo is an open question and should be weighed when deciding to apply for this program.

³ This rate was confirmed by CMS on an April 2nd phone call. The transcript is available [here](#).