

CMS Eases Repayment Terms for Borrowers Under Medicare Accelerated and Advance Payment Program

On October 8, 2020, the Centers for Medicare & Medicaid Services (CMS) announced notable changes to the terms of Accelerated and Advance Payment Program (AAPP) loans that were issued to various health care entities earlier this year in connection with the COVID-19 outbreak. Under the AAPP's original loan terms, borrowers were scheduled to begin repayments 120 days after payment was issued. For borrowers who participated in the AAPP at its outset, this would have meant that repayment was to begin as soon as August of this year with the balance due in full within a seven- to 12-month period thereafter depending on the type of borrower. In addition, borrowers faced the possibility of having CMS recoup up to 100% of their Medicare payments during the repayment phase, incurring an interest rate of almost 10% on the unpaid balance. See our [March 31](#) and [April 9](#) advisories for details on the expansion of the AAPP under the CARES Act.

CMS' newly announced changes materially ease the repayment terms for borrowers and provide clarity on the potential avenues of recoupment. The most notable changes include the following:

- Repayment shall not begin for one year starting from the date the AAPP payment was issued.
- Beginning at one year from the date the AAPP payment was issued and continuing for 11 months, Medicare payments owed to borrowers will be recouped at a rate of 25%.
- After that 11-month period ends, Medicare payments owed to borrowers will be recouped at a rate of 50% for another six months.
- After that six-month period ends, a letter for any remaining balance of the AAPP payment(s) will be issued. The interest rate on the remaining balance will accrue at a 4% interest rate from the date the letter is issued.

Continuing the pattern of payment transparency adopted in connection with COVID-19 related federal funding, CMS is required to publish certain AAPP data on its website by October 15, 2020, including payment amounts broken down by borrower type and by Medicare certification number.

The [CMS fact sheet](#) announcing these changes is available online.

We know information is constantly changing, and our goal is to continue to provide you timely, practical information. Please contact [Mark Cunningham](#), [Doug Griswold](#), [Jed Roebuck](#), or your relationship attorney with any questions you have regarding the AAPP or any other issues impacting you as a health care provider.

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