

United States Senate

WASHINGTON, DC 20510

August 7, 2020

The Honorable Seema Verma
Administrator
Centers for Medicare and Medicaid Services
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Administrator Verma:

The nation's health care system has never been confronted with such devastating and complex problems as the ones resulting from the novel coronavirus or "COVID-19." Given these challenges, we urge you to delay the start of the recoupment period under the Medicare Accelerated and Advance Payments (AAP) program, which we understand is scheduled to begin this month for hospitals, physician practices, nursing facilities and other health care providers.

Hospitals and health care providers continue to work around the clock to protect our communities. They diligently prepared for the pandemic, responded to localized surges, delayed non-emergent surgeries and procedures to reduce virus spread, and in many areas, have responded to secondary surges. COVID-19 has generated a tremendous need for health care services and new acquisition costs for personal protective equipment (PPE), testing supplies and other necessary materials. The COVID-19 crisis has also resulted in patients further delaying needed care due to fear about contracting the virus. The financial impact of the pandemic on patients, hospitals and health care providers further complicates the impact when far too many are unemployed and as a result, uninsured.

Recent estimates indicate that hospitals nationwide suffered a total of \$202 billion in revenue losses between March 2020 and June 2020.¹ During the second half of the year, hospitals are expected to lose another \$120 billion, bringing expected revenue losses to a staggering \$323 billion this year for our nation's hospitals.² Physician practices are also struggling, with some estimates indicating that average physician practice revenue fell by 48 percent between March 2020 and May 2020.³ As our nation has continued to struggle to mitigate the spread of this virus, the financial impact on our health care providers has been deeper and has extended longer than we anticipated at the time of the passage of the Coronavirus Aid, Relief and Economic Security (CARES) Act.

¹ American Hospital Association, "Hospitals and Health Systems Face Unprecedented Financial Pressures Due to COVID-19," May 5, 2020. Available at: <https://www.aha.org/system/files/media/file/2020/05/aha-covid19-financial-impact-0520-FINAL.pdf>

² American Hospital Association, "CARES Act Relief Funds Have Helped Hospitals and Health Systems, but Are Just a Fraction of Losses," June 24, 2020. Available at: <https://www.aha.org/system/files/media/file/2020/06/aha-covid19-financial-impact-short-0620.pdf>

³ FAIR Health, "Healthcare Professionals and the Impact of COVID-19," June 10, 2020. Available at: <https://s3.amazonaws.com/media2.fairhealth.org/brief/asset/Healthcare%20Professionals%20and%20the%20Impact%20of%20COVID-19%20-%20A%20Comparative%20Study%20of%20Revenue%20and%20Utilization%20-%20A%20FAIR%20Health%20Brief.pdf>

Our economic recovery must include stabilizing and sustaining our hospitals and health care providers, allowing them to make payroll and improve cash flow. The AAP program served as a critical financial bridge for both the hospitals and their frontline workers to help maintain cash flow. Since the CARES Act passed, hospitals and health care providers across the United States have received approximately \$100 billion in upfront payments through the program.

Under the CARES Act, recoupment of claims is scheduled to begin 120 days after the upfront payment is made to a hospital participating in the AAP program. The Centers for Medicare and Medicaid Services (CMS) established a similar 120-day window after which recoupment would begin for other non-hospital providers. The terms that CMS has established for recoupment require that 100 percent of any otherwise payable Medicare Fee-for-Service (FFS) claim must be withheld from the health care provider to pay down the balance of the upfront payment under the AAP program. Given that hospitals, nursing facilities, physician practices and other health care providers are still under significant financial stress, now is not the time to exacerbate the situation by drying up Medicare revenues for providers.

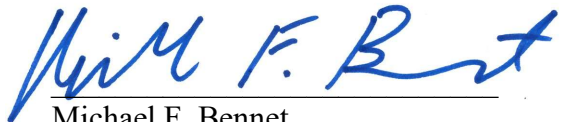
This requirement to repay the AAP loans in the next few days and weeks must be extended, recognizing that the financial crisis has not passed and in far too many areas, the number of COVID-19 cases remain a barrier to recovery. We all share the goal of relieving cash-strapped hospitals and providers and helping them to move to stronger financial footing, but we need to recognize that premature repayment deadlines could undermine the fragile steps to that strong financial stability.

We urge you to delay the start of the AAP repayments until the end of the year to allow Congress sufficient time to address longer term decisions about the program.

Sincerely,



Jeanne Shaheen
United States Senator



Michael F. Bennet
United States Senator