

March 20, 2020

Seema Verma
Administrator
Centers for Medicare & Medicaid Services
Hubert H. Humphrey Building
200 Independence Avenue, S.W., Room 445-G
Washington, DC 20201

Dear Ms. Verma:

We greatly appreciate the hard work that the Centers for Medicare & Medicaid Services (CMS) and others have been doing to provide support and flexibilities to hospitals and health systems during this unprecedented crisis related to the novel coronavirus (COVID-19). As you are aware, hospitals and health systems are under enormous pressure to manage surge capacity due to the virus.

Hospitals are preparing for this influx of patients by canceling non-essential procedures and services, and discharging those patients who can be safely sent home or to other locations. However, this had led to open and empty beds at their facilities, and is creating a massive financial burden. Many of our member hospitals, especially those in rural areas, have shared serious concerns about a lack of cash flow, and thus the ability to keep their doors open. A steady flow of dollars to these providers is crucial to provide a buffer for the large incoming costs they will face in the near future.

To that end, I am writing to urge CMS to allow all hospitals to elect to receive periodic interim payments (PIP) or accelerated payments immediately, and with minimal administrative barriers. These payments would provide ongoing revenues to providers to keep cash flow moving and compensate for procedures that are currently delayed, but will take place after the medical surge has subsided. While approval for these payments is typically at the discretion of the Medicare Administrative Contractors (MACs), we request that CMS advise its contractors to offer maximum flexibility in approving requests for these unique payment timeframes and flexibility in administrative requirements.



Specifically, we urge:

- broad and immediate approvals of PIP and accelerated payment requests;
- delayed reconciliation and cost settlement for PIP and accelerated payments for hospitals until after the public health emergency has subsided; and
- leniency in meeting reporting criteria and other administrative requirements.

Further detail on our requests may be found in the attached document. Please contact me if you have questions or feel free to have a member of your team contact Erika Rogan, AHA senior associate director for policy, at (202) 626-2963 or erogan@aha.org.

By taking this additional step to provide steady Medicare payments, CMS will help ensure that critical inpatient care remains available to address the pandemic that the U.S. is currently facing. Again, on behalf of our members, we thank you for your efforts to support providers during this unprecedented time.

Sincerely,

/s/

Richard J. Pollack
President and CEO
American Hospital Association

Enclosure

Appendix

Periodic Interim Payments: This method of reimbursement allows hospitals to receive regular, estimated payments for Part A (inpatient) services, in lieu of payment upon claim submission.

- Under current regulation (42 CFR 413.64), hospitals have the ability to elect to receive periodic interim payments (PIP) for inpatient operating costs, typically on a biweekly basis.
- Hospitals that participate in the inpatient prospective payment system (PPS) as well as those excluded from the inpatient PPS – including critical access hospitals – are eligible.
- Under regular conditions, the approval for this election is at the discretion of the MAC and based on a number of criteria outlined in 42 CFR 413.64(h)(3).
- The PIP amount is based on estimated Medicare payment per discharge amount and total discharges during the reporting period, with the possibility of adjustments during the year.
- The total interim payment amount is then reconciled at the end of the hospital's cost reporting period and subject to final settlement.
- PIP hospitals are typically required to submit 85% of their claims within 30 days of discharge.

AHA requests CMS:

- **Provide broad and immediate approval for eligible providers wishing to elect PIP.**
- **Issue guidance to MACs to approve PIP payment requests by default and minimize administrative barriers (e.g., necessary documentation) in the request process.**
- **Delay reconciliation/cost settlement until after the public health emergency has subsided.**
- **Advise MACs to lengthen the timeframe for claim submission for hospitals receiving PIP.**

Accelerated Payments: These are upfront payments that may be made to a provider under 42 CFR 413.64 if a provider is experiencing financial difficulties due to certain process delays.

- Under current regulation (42 CFR 413.64), accelerated payments are available to providers that are experiencing financial difficulties "...in exceptional situations, in which the provider has experienced a temporary delay in preparing and submitting bills to the contractor beyond its normal billing cycle."
- The COVID-19 pandemic would certainly meet the criterion of an "exceptional situation" given its severe impact on the healthcare system. As providers are

prioritizing patient care, they are less able to carry out typical coding and billing activities.

- Accelerated payments typically must be approved first by the MAC and then by CMS.
- The amount of the payment is typically computed as a percentage of the net reimbursement for unbilled or unpaid covered services.
- Recovery of the accelerated payment may be made by recoupment as provider bills are processed or by direct payment.

AHA requests CMS:

- **Provide broad and immediate approval for eligible providers wishing to receive accelerated payments.**
- **Issue guidance to MACs to approve accelerated payment requests by default and minimize administrative barriers (e.g., necessary documentation) in the request process.**
- **Delay 'recovery/recoupment' until after the public health emergency has subsided.**
- **Advise MACs to lengthen the timeframe for claim submission for hospitals receiving accelerated payments.**