

August 3, 2020

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

Dear Administrator Verma:

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, our clinician partners – including more than 270,000 affiliated physicians, 2 million nurses and other caregivers – and the 43,000 health care leaders who belong to our professional membership groups, **the American Hospital Association (AHA) urges the Centers for Medicare & Medicaid Services (CMS) to allow periodic interim payment (PIP) hospitals to carry out their accelerated payment repayment at cost settlement, as was initially communicated by the agency.** We also request that the agency make alternative repayment approaches available, such as direct payments to the Medicare Administrative Contractor (MAC), for all hospitals.

Under current regulation (42 CFR 413.64), hospitals have the ability to elect to receive PIPs for inpatient operating costs, typically on a biweekly basis. To address the serious financial impact of COVID-19, CMS extended eligibility for accelerated payments to PIP hospitals during the public health emergency, offering these and other providers much-needed support. During a call with hospitals in April, CMS clarified that for PIP hospitals, the accelerated payment is in addition to their current periodic payments. CMS also said that the accelerated payment reconciliation process will happen at the final cost report process for the first cost report occurring after the repayment period. In addition, CMS included in its accelerated payment [fact sheet](#) that “For the small subset of Part A providers who receive Period Interim Payment (PIP), the accelerated payment reconciliation process will happen at the final cost report process (180 days after the fiscal year closes).”



However, MACs recently shared with hospitals that, based on CMS directives, the process for PIP hospital repayment will be the same as non-PIP hospitals. That is, PIP hospitals would have their biweekly Medicare reimbursement recouped until their repayment is completed. The result is that PIP hospitals will go several months without *any* Medicare inpatient reimbursement, which is contrary to the entire purpose of the PIP program – to provide hospitals with a steady and predictable revenue stream. Moreover, hospital inpatient and outpatient [volumes are down](#) nearly 20% and 35%, respectively, from 2019, and most do not expect volume to return to baseline levels in 2020.

For the past four months, PIP hospitals have had the expectation – communicated by CMS – that their accelerated payment repayment would occur at final cost settlement, which generally would be many months from now. However, with very minimal lead time, the agency is substantially changing the recoupment process for these providers, such that many will be required to begin repaying these funds within the next few weeks. This change will cause significant financial management challenges for these hospitals during a time when the pandemic is becoming even more uncertain. **Thus, the AHA urges CMS to allow PIP hospitals to carry out their accelerated payment repayment at final cost settlement, as was initially communicated by the agency, and retain the option to repay by direct payment during the repayment period if desired.**

In addition, many of our members have expressed concerns about the upcoming accelerated payment recoupment process, which will bring about a complete loss of Medicare reimbursement for providers during the repayment period. **As an example, we request that CMS make alternative repayment approaches available, such as direct payments to the MAC. This will allow additional flexibility as hospitals across the country continue to be saddled by the effects of COVID-19. Specifically, allowing the option for hospitals to repay some of their accelerated payment via direct payment to their MAC will offer more predictability for hospitals' financial planning.** Mechanisms for such repayments already exist given that providers are able to make direct payments to pay off any remaining balance at the end of the repayment period.

Finally, the AHA continues to urge the Administration and Congress to grant full forgiveness of accelerated payments for all hospitals. Providers will continue to face historic challenges throughout this extended public health emergency and beyond, as we expect the immense financial strain facing hospitals and health systems due to COVID-19 will continue through at least the end of 2020. Forgiving hospitals' accelerated payments is necessary for providers to recover and rebuild while delivering the care that patients and communities are depending on.

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We appreciate your ongoing efforts in support of our nation's hospitals and health systems during this unprecedented public health emergency. 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](mailto:erogan@aha.org).

Sincerely,

/s/

Thomas P. Nickels  
Executive Vice President