

## Medicare Accelerated and Advance Payment (AAP) Repayment Overview & Action Steps

AAP repayments will begin for all Medicare providers who received AAP payments begin one year from date of the AAP receipt. Repayment start dates are specific to SNF providers associated with their date of AAP receipt. For many SNFs, repayment dates begin in April 2021. Provider do not need to take any action to repay.

### Repayment Schedule

The *Continuing Appropriations Act, 2021 and Other Extensions Act* extended and modified the repayment schedule. Rather than 100 percent of repayment applied to all claims beginning on each SNF provider's AAP receipt date, the MACs will follow statutorily defined schedule to recoup AAP from claims paid:

- First 11 months after repayment begins, repayment will occur through an automatic recoupment of 25% of Medicare payments otherwise owed to the SNF;
- At the end of the eleventh month period, recoupment will increase to 50% for six months; and
- At the end of the six months (29 months from the initial AAP, the MAC will determine if a balance remains, and, if so, issue a letter for full repayment of any remaining balance.

After the repayment timeframe has ended, the MAC will issue a letter for payment of any remaining balance. If payment is not received within 30 days, interest will accrue at the rate of 4% from the date the letter was issued, and will be assessed for each full 30-day period that the balance remains unpaid. If payment is not received within 30 days, interest will accrue at the rate of 4% from the date the letter was issued, and will be assessed for each full 30-day period that the balance remains unpaid. Finally, of note, PRF dollars may not be used to repay AAPs.

### Repayment Options

Should alternative repayment schedules be needed driven by unique SNF needs, SNFs have two options to aid with cash flow management:

- **Lump Sum Payments.** Rather than having claims reduced for an extended period of time, SNFs and other providers may make a lump sum payment for the entire AAP to aid with cash flow planning. Lump sum payment arrangements should be negotiated between SNFs and other providers and MAC(s). CMS Central and Regional Offices will not engage in these negotiations; or
- **Extended Repayment Schedule (ERS).** ERS is a statutorily authorized debt payment schedule, which allows SNFs and other providers experiencing financial hardship to pay debts over the course of three years. A CMS FAQ document on ERS is located here -- <https://www.cms.gov/files/document/Accelerated-and-Advanced-Payments-Fact-Sheet.pdf>. This can be extended to as many as five years, where certain extreme hardship criteria are met. Providers and suppliers are able to request an ERS after letters requiring reimbursement are issued. Providers and suppliers should contact their MACs. for information on how to request an ERS. A provider or supplier would need to meet specified criteria related to financial "hardship" or "extreme hardship" under 42 C.F.R. 401.607(c)(2) in order to be eligible for an ERS. ERS eligibility may be a high standard to meet. SNFs should discuss possible flexibility in meeting ERS standards with their MACs. Links to MAC ERS webpages or MAC webpages at which providers can search for ERS materials are located below.

MAC	Accessing ERS Information
<b>CGS</b>	<a href="#">Direct Link to ERS Materials</a>
<b>Palmetto</b>	<a href="#">Direct Link to ERS Materials</a>
<b>Novitas</b>	<a href="#">Direct Link to ERS Materials</a>
<b>NGS</b>	<a href="#">Link to NGS Website</a> – Must log in as a provider and search for ERS materials
<b>WPS</b>	<a href="#">Link to WPS Website</a> – Must log in as a provider and search for ERS materials
<b>FCSO</b>	<a href="#">Direct Link to ERS Materials</a>

Below is a basic checklist to aid with preparing for AAP recoupment.

## AAP Recoupment Options and Planning Checklist

The table below offers four options or scenarios for repayment and provides basic tracking data points for each scenario.

Action Step	AAP Dollars	Verified Date(s)	MAC Contact	MAC Contact Date
Reverify with MAC of AAP Receipt & Amount				
<b>Option 1: Lump Sum Payback</b>				
MAC Contacted		Payback Date:		
MAC Confirms Receipt & \$0.00 Balance Owed				
<b>Option 2: Standard Recoupment Process</b>				
25% Recoupment Period Begins & End		Start: End:		
50% Recoupment Period Begins & Ends and Any Remaining Balance		Start: End:		
Targeted Payback Completion Date & Any Remaining Balance				
<b>Option 3: 30 Notice Letter &amp; Repayment with Interest</b>				
Letter Received from MAC & 4% Interest Begins				
Projected Payback Balance Adjusting for 4%		Start: End:		
<b>Option 4: Extended Repayment Schedule (ERS)</b>				
ERS Request Submitted and ERS Amount				
MAC Response to ERS				
ERS Documentation Submitted				
MAC Response				
ERS Payback Period		Start: End:		

*This document does not constitute business, accounting or legal guidance. It is a basic planning document for AAP Recoupment.*