

BRADLEY S. SCHNEIDER
10TH DISTRICT, ILLINOIS

WASHINGTON OFFICE:
1432 LONGWORTH BUILDING
WASHINGTON, D.C. 20515
(202) 225-4835

DISTRICT OFFICE:
111 BARCLAY BLVD, SUITE 200
LINCOLNSHIRE, IL 60069
(847) 383-4870



COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HEALTH
SUBCOMMITTEE ON SOCIAL SECURITY

COMMITTEE ON SMALL BUSINESS
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AND CAPITAL ACCESS

Congress of the United States
House of Representatives
Washington, DC 20515-1310

August 19, 2020

The Honorable Seema Verma
Administrator
Centers for Medicare and Medicaid Services
U.S. Department of Health and Human Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Administrator Verma:

We are writing you today on behalf of our nation's hospitals, physicians, and health care providers to ensure their financial stability through the COVID-19 pandemic. The Medicare Accelerated and Advance Payments (AAP) program has been a critical lifeline to qualified Medicare providers and suppliers. As Congress continues to negotiate the next COVID-19 response legislation, we urge you to take immediate action to delay recoupment of funds provided through the AAP program, as well as reduce the amount of payment taken from each Medicare claim during recoupment from its current 100 percent.

Our providers remain on the front lines of this pandemic, caring for our most vulnerable and ensuring the virus remains contained. However, their timely response has often come at the expense of their financial security. A recent report found that the COVID-19 pandemic will result in at least \$323 billion in losses to hospitals and health systems in 2020.¹ Additional surveys and claims analyses verify that COVID-19 reduced patient volume significantly and has resulted in substantial revenue losses for independent physician practices, as well. Estimates of revenue losses for independent physician practices range between 48 percent and 64 percent between March and May 2020.² America's health care providers continue to do everything within their power to respond to the COVID-19 pandemic, even as they face urgent financial strain due to lost revenues and extraordinary expenses.

Compounding these issues is existing AAP loan repayment requirements. As you're aware, many providers were scheduled to begin repayment – some as early as August 1 – which would result in an average loss of approximately 25 percent of total payments for many hospitals.³ Pursuing these funds could be financially

¹ https://www.aha.org/system/files/media/file/2020/07/KH-COVID-Hospital-Financial-Health_FINAL.pdf

² Fair Health, Healthcare Professionals and the Impact of COVID-19; MGMA, COVID-19 Financial Impact on Medical Practices; AMGA, Surveys of Financial Impact of COVID-19; Primary Care Collaborative, Primary Care & COVID-19 Surveys. <http://ndpanalytics.squarespace.com/the-impact-of-covid-19-on-independent-physician-practices>.

³ <https://www.fah.org/maapp>

devastating to many providers, including those in rural and underserved areas which are more likely to persistently operate on thin or negative margins.

We request that CMS use their authority to delay recoupment of AAP loans until a legislative solution is reached. We also request that, when recoupment resumes, CMS reduce the percentage of claims offset to 25 percent, as compared to the current 100 percent and identical to the House-passed HEROES Act. In doing so, CMS should issue clear, written guidance to Medicare Administrative Contractors and providers regarding recoupment procedures. Such actions would give providers and suppliers the certainty they urgently need to continue to maintain access to services amidst unprecedented challenges and financial strain.

Hospitals, physicians, and other health care providers rely on Medicare to ensure their financial wellbeing. Now is not the time to put our frontline providers – and the patients they serve – at further risk by eliminating their Medicare Fee-for-Service claims income altogether. We thank you for your timely attention to this matter and look forward to your response.

Sincerely,



Bradley S. Schneider
Member of Congress



Ron Kind
Member of Congress