Aug. 14, 2020: Advocacy spotlight on Medicare's pandemic lifeline to physicians about to come due

The AMA applauded the Centers for Medicare & Medicaid Services back in March when the agency expanded eligibility for the AAP Program, which provides an emergency cash advance based on a practice's historical Medicare payments in order to provide necessary funds when there is a disruption in claim submission or processing—such as with the COVID-19 pandemic. This action met a critical need and resulted in CMS approving almost 24,000 applications totaling $40.4 billion in advanced payments to physicians, health professionals and other Medicare Part B suppliers early in the pandemic. "This program offered an important lifeline for cash-strapped practices to weather financial hardships as a result of postponing and cancelling non-essential procedures to mitigate the virus and conserve personal protective equipment (PPE), as well as increased expenses in caring for patients with COVID-19 and with urgent and ongoing care needs," AMA Executive Vice President and CEO James L. Madara, MD, wrote in a letter to CMS Administrator Seema Verma. "However, the current crisis is not over, and physician practices are still struggling and in need of support," Dr. Madara added. Under current terms, repayment—in the form of automatic 100% reductions in new Medicare payments—begins 120 days after the advance payment was issued. "We have significant concerns that recouping the advance payments by offsetting 100% of Medicare claims until the balance is extinguished will result in a sudden seizure of Medicare revenues, halting cash flow and putting physician practices in financial jeopardy," Dr. Madara wrote. "Now more than ever, we need physician practices on strong financial footing and open to combat COVID-19." In a separate letter to White House Chief of Staff Mark Meadows, Dr. Madara warned that "if the administration does not act, many physician practices will fail." With Congress unlikely to act before autumn, Dr. Madara said action was urgently needed to modify the program's "harsh" repayment terms, and he urged the president to consider executive orders that would:

- Postpone recoupment until 365 days after the advance payment has been issued to a physician practice.
- Reduce the per-claim recoupment amount from 100% to 25%.
- Extend the repayment period for physicians to two years.

In a previous letter to Verma, sent this spring, Dr. Madara wrote that—without a change in repayment terms—the advanced payments are "merely delaying the financial misery experienced at the outset of this pandemic until later this year." Read more here.

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