

# Budget deal includes critical loan-repayment relief for doctors

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**What's the news:** A provision to provide relief to physician practices that received funds through the Medicare Accelerated and Advance Payment (AAP) programs is included in the continuing resolution (CR) Congress must pass to fund the federal government through Dec. 11.

The AAP programs provided a lifeline for practices that closed their doors or saw significant drops in patient volume during the COVID-19 pandemic. But repayment is coming due and the financial terms are harsh. The AMA has been urging Congress and the Centers for Medicare & Medicaid Services (CMS) to take action to keep physician practices viable and open to patients during the pandemic.

Without the changes in repayment terms included in the CR, physicians would have had 100% of their Medicare claims withheld to repay the loans after only 120 days. Outstanding balances would be subject to a 10.25% interest rate within a few months.

“Upon passage of the continuing resolution, patients should know that their physician is more likely to weather the pandemic’s economic challenges,” said AMA President Susan R. Bailey, MD. “Congress recognized the danger, and rightfully modified the program so physicians can keep seeing patients.”

The continuing resolution:

- Postpones the recoupment of disbursed funds until 365 days after the advance payment has been issued to a physician practice; the balance would be due by September 2022.
- Reduces the per-claim recoupment amount from 100% to 25% for the first 11 months and the 50% of claims withheld for an additional six months. If not repaid in full, the 10.25% interest rate kicks in.
- The interest rate would be lowered from 10.25% to 4%.

**Why it's important:** The AMA applauded CMS back in March when the agency expanded eligibility for the AAP programs, which provide an emergency cash advance based on a practice’s historical Medicare payments 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.

Surveys found that, from March to May, physician practice revenues were down at least 50%. As practices reopened, some were able to recoup a portion, but not all, of this loss due to reduced visits and procedures.

“Members of Congress and the administration have settled on a bipartisan response to the economic sword hanging over physician practices,” Dr. Bailey said. “This relief will be felt across the country as physicians will be able to continue providing health care during the pandemic.”

**What’s next:** The measure passed the U.S. House of Representatives earlier this week. It must now pass the Senate and is expected to be signed by President Trump before Sept. 30.

Learn how physician practices can get help under the CARES Act.

Read about all the AMA’s advocacy efforts throughout the COVID-19 pandemic, and track developments with the AMA’s COVID-19 resource center, which offers a library of resources from the JAMA Network™, Centers for Disease Control and Prevention, and the World Health Organization.