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April 28, 2020

Seema Verma
Administrator
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244-1850

Dear Administrator Verma:

The Centers for Medicare & Medicaid Services (CMS) on April 26 abruptly and without notice announced its intentions to suspend and reevaluate the Advanced Payment Program (APP). Announced on March 28 as part of the government's response to the novel coronavirus (COVID-19), the program helps ensure healthcare providers have the financial resources they need to continue operations during this public health emergency. CMS has not indicated the reasoning that led to this decision. We ask that CMS reverse this decision and instruct the Medicare Administrative Contractors to continue processing loan requests for both Part A and Part B providers.

When CMS expanded the APP to encompass hardships related to COVID-19, its guidance indicated the expansion would last for the duration of the public health emergency. The revised guidance announcing an apparent suspension of the program maintains the language that the APP expansion will last for the duration of the public health emergency. Although the public health emergency was set to expire on April 26, Secretary Azar used his authority in the Public Health Service Act to extend the public health emergency that he first declared on January 31, 2020. As the public health emergency remains in effect, so too should the APP.

CMS' statement announcing it will no longer accept applications for the APP references the \$100 billion provided via the Provider Relief Fund. While AMGA and our members are appreciative of the support available through the fund, these two programs are not related. The Provider Relief Fund is a grant program that Congress authorized to offset the lost revenue and expenses associated with COVID-19. The APP is a loan program that seeks to minimize the disruption in providers' cash flow. As such, these programs serve two very distinct purposes. CMS may believe the Provider Relief Fund represents sufficient financial support, but, unfortunately, this is not the case. Healthcare providers are in desperate need of *more* support, not less.

Based on AMGA survey data, our members are experiencing unprecedented challenges to remaining financial viable during this crisis. For example, in a survey of 82 independent, physician-owned medical groups—multispecialty group practices not affiliated with a hospital—60% report they will exhaust their cash reserves by summer. The survey also found 50% of the

groups have lost more than half of their revenue. These medical groups need continued access to the APP.

Integrated health systems also report financial distress related to COVID-19. Our survey found 40% of respondents say revenue has declined by more than half, with nearly all reporting declines of 25% or more. In addition, 55% report having less than six months of cash on hand.

Our members also reported that the initial \$30 billion released as part of the \$100 billion in relief funding provided less than a week's revenues for health systems. The APP offered a bridge for our members until their operations begin to recover from the cancellation of surgeries and elective procedures that have so significantly reduced their revenues that their survival is far from certain.

Since the beginning of this public health emergency, CMS has acted quickly and decisively to ensure healthcare providers have the regulatory flexibilities and support they need to care for their patients. CMS should honor the commitment it made to providers in its March 28 announcement that expanded the APP. Further, CMS must provide the healthcare community and providers with sufficient notice of any policy changes so they have all the information they need to make any necessary adjustments in a timely manner.

Thank you for your prompt attention to this situation. If you have any questions or need more information, contact Darryl M. Drevna, AMGA's senior director of regulatory affairs, at 703.838.0033 ext. 339 or ddrevna@amga.org.

Sincerely,

A handwritten signature in cursive script that reads "Jerry Penso".

Jerry Penso, M.D., M.B.A.
President and Chief Executive Officer
AMGA