

# COVID-19 ACCELERATED AND ADVANCE PAYMENT (CAAP) REPAYMENT & RECOVERY FREQUENTLY ASKED QUESTIONS

## TERMINOLOGY

### 1. What is a “COVID-19 Accelerated or Advance Payment” or “CAAP”?

- A. A “COVID-19 Accelerated or Advance Payment” or “CAAP” refers specifically to accelerated or advance payments issued to providers and supplier as a result of the COVID-19 Public Health Emergency. This term is used to distinguish the CAAP program from accelerated or advance payments that CMS has issued after a federally-declared disasters or emergencies in specific areas of the country, such as hurricanes or wild fires.

### 2. What is an “Extended Repayment Schedule” or “ERS”?

- A. An “Extended Repayment Schedule” or “ERS” is a statutorily authorized debt payment schedule, which allows a provider or supplier experiencing financial hardship to pay debts over the course of three years. An ERS can be extended to as many as five years, *if* certain extreme hardship criteria are met. Providers and suppliers are able to request an ERS *after* the Medicare Administrative Contractor (MAC) issues a demand letter requiring repayment of a debt. Providers and suppliers should contact their MAC for information on how to request an ERS. A provider or supplier will 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.

### 3. What is “periodic interim payment” or “PIP”?

- A. “Periodic interim payment” or “PIP” is a method of payment used for certain services furnished in hospitals or by skilled nursing facilities under which providers receive reimbursement for healthcare services rendered to beneficiaries in lump sum bi-weekly (unless the provider requests a longer fixed interval) payments. For more information, please refer to [42 CFR 413.64\(h\)](#) and [42 CFR 418.307](#).

### 4. What is included in “payments for items and services furnished”?

- A. “Payments for items and services furnished” includes any Medicare claims payment amount for providers and suppliers, as well as bi-weekly payments to PIP providers.

## 5. What does “CAAP Recoupment” mean?

- A. “CAAP Recoupment” means the recovery by CMS of any outstanding CAAPs, prior to the issuance of demand letters, by reducing present or future Medicare payments owed to providers and suppliers who are able to bill the program. The amounts withheld are applied to a related outstanding CAAP balance. Consistent with the *Continuing Appropriations Act, 2021 and Other Extensions Act*, following one year from the date a CAAP was issued, CMS will recover at 25% over an 11 month period, and then will recover at 50% over a six month period. CAAP recoupment will end 29 months from the date CMS first issued a CAAP to a provider or supplier. In addition, CMS will recoup CAAP amounts from providers and suppliers that share a TIN consistent with its authority under section 1866(j)(6) of the Social Security Act.

## REPAYMENT GENERALLY

### 6. Is the repayment process for COVID-19 Accelerated and Advance Payments (CAAPs) the same as the repayment process for other accelerated and advance payments?

- A. Yes, the CAAP repayment process leverages the existing repayment and recoupment processes that CMS uses to recover other accelerated and advance payments, as well as Medicare overpayments. This includes CMS’ processes for adjusting payments to providers and suppliers with the same Tax Identification Number to address Medicare obligations. In this case, CMS tailored its current processes to reflect the requirements outlined in the *Continuing Appropriations Act, 2021 and Other Extensions Act*, which specifies the timeline, recoupment percentages, and interest rate that CMS must use. By enacting a CAAP recovery procedure, Congress provided additional financial relief to distressed providers and suppliers who received CAAPs during this public health emergency.

## RECOUPMENT

### 7. When will CAAP recoupment begin?

- A. CAAP recoupment will begin for a provider or supplier one year after CMS issued a CAAP disbursement to that provider or supplier. In certain circumstances, this date may be different from the date the provider or supplier actually received the funds, given that a provider or supplier’s bank may have internal rules or processes that would affect when a provider or supplier received funds. As the first CAAPs were issued on March 30, 2020, CMS began recoupment for providers and suppliers that received these first CAAPs on March 30, 2021.

## **8. How long will my Medicare payments be recouped?**

- A. The repayment terms outlined in the *Continuing Appropriations Act, 2021 and Other Extensions Act* specify that for the first 11 months after repayment begins, repayment will occur through an automatic recoupment of 25% of all Medicare payments otherwise owed to the provider or supplier. At the end of the 11 months, the statute specifies that the recoupment rate will increase to 50% for six months.

At the end of the six months (29 months from the initial issuance of the CAAP), the MAC will determine if a CAAP balance remains, and, if so, issue a demand letter requiring full repayment of any remaining balance. As part of the *Continuing Appropriations Act, 2021, and Other Extensions Act*, Congress lowered the interest rate to 4% on any outstanding overpayment balance due at the end of the 29-month recoupment period. If payment is not received within 30 days after the provider or supplier receives the demand letter, interest will accrue at the rate of 4% from the date the demand letter was issued. Interest will be assessed for each full 30-day period that the balance remains unpaid.

## **9. How will CAAP recoupment work if a provider or supplier shares a Tax Identification Number with other providers or suppliers?**

- A. Normally, if a provider or supplier owes money to Medicare and that provider or supplier shares a Tax Identification Number (TIN) with other providers or suppliers, CMS will recoup from *all* of the providers and suppliers who share that TIN. CMS will recoup CAAPs using this same recoupment method and CMS will ensure that the recoupment percentages and timeframes specified in the *Continuing Appropriations Act, 2021 and Other Extensions Act* apply as follows:
- For providers and suppliers who are part of an organization that has multiple Provider Transaction Account Numbers (PTANs) or CMS Certification Numbers (CCNs) associated with a single Tax Identification Number (TIN), CMS will group *all* the PTANs/CCNs located within each MAC jurisdiction under the TIN for purposes of recoupment. This grouping will include providers and suppliers for whom CAAP recovery has not yet begun. This grouping will also include providers and suppliers who did not receive CAAPs at all.
  - For the first 11 months, CMS will recoup a maximum of 25% from all eligible payments owed to providers and suppliers under the same TIN in the same MAC jurisdiction every time the MAC issues Medicare payments.

- After 11 months, CMS will recoup a maximum of 50% from all eligible payments owed to providers and suppliers in the same MAC jurisdiction each time the MAC issues Medicare payments. Recoupment at 50% will continue for six months.
- If a balance remains after the recoupment period ends, CMS will issue an individual demand letter for each CAAP, as each CAAP reaches 29 months from the date that CAAP was issued.

Note: Part A providers and Part B suppliers may share a TIN, but CAAP recoupment for Part A providers will occur separately from the recoupment for Part B suppliers.

**10. What happens if I share a TIN with a provider or supplier who switches to the 50% recoupment level before I am scheduled to switch?**

- A. For providers and suppliers who are part of an organization that has multiple Provider Transaction Account Numbers (PTANs) or CMS Certification Numbers (CCNs) associated with a single Tax Identification Number (TIN), CMS will recoup a maximum of 25% for the first 11 months after the date the first CAAP payment was issued for the entire TIN. After 11 months, the recoupment rate will increase to 50% for all providers and suppliers who share that TIN. As a general rule, CMS will recoup a maximum of 50% for the following six months.

**11. If I have an Extended Repayment Schedule in place, or owe other Medicare debts, and I received CAAP funds, how will repayment of my CAAP funds interact with repayment of my other Medicare debt?**

- A. CMS will ensure that recouped funds are first applied to existing Extended Repayment Schedules and outstanding (non-CAAP) Medicare debts before any portion of Medicare claims payments are recouped and applied to CAAP amounts due during the CAAP recoupment period. Please see the Terminology section above for a description of Extended Repayment Schedules.

**12. Can I extend how long recoupment will continue instead of getting a demand letter?**

- A. No, the *Continuing Appropriations Act, 2021 and Other Extensions Act* lays out the CAAP recovery process. Recoupment automatically begins one year after issuance of the CAAP payment. The statute provides that the recoupment process ends 29 months after issuance of the CAAP payment.

**13. Can I request a reduction in the CAAP recoupment percentage or defer CAAP recoupment?**

- A. No, CMS will not reduce the CAAP recoupment percentage or defer CAAP recoupment at the request of a provider or supplier. The terms for CAAP recovery are specified by Congress in the *Continuing Appropriations Act, 2021 and Other Extensions Act*.

**14. What happens if I still owe CAAP amounts after the recoupment period ends?**

- A. After the recoupment period has ended (29 months after the issuance of a CAAP), CMS will issue a demand letter to a provider or supplier with an outstanding CAAP balance. If the CAAP balance is not fully repaid within 30 days, interest will accrue at the rate of 4% on the outstanding balance, starting from the date the demand letter was issued. Interest will be assessed for each full 30-day period that the balance remains unpaid.

Once a demand letter has been issued, CMS will employ its normal overpayment recovery processes. These recovery processes will include recoupment at 100% until the remaining CAAP balance is paid in full. For providers and suppliers who share a TIN, CMS will recoup at 100% from all providers and suppliers who share that TIN, consistent with the agency's statutory authority under section 1866(j)(6) of the Social Security Act to recoup payments from providers and suppliers who share a TIN.

After a demand is issued, providers and suppliers may request an extended repayment schedule, as described in Question 18, if they would like to pursue additional repayment flexibilities.

Note for providers and suppliers who share a TIN and owe an outstanding CAAP balance: a demand letter will be issued for *each* CAAP when it reaches the 29-month mark.

PAYING OFF THE BALANCE

**15. If I have made a voluntary lump sum repayment, how do I confirm the balance I owe, if any?**

- A. Providers and suppliers may contact their assigned MAC to confirm an outstanding CAAP balance.

**16. Can I pay off the entire CAAP balance after recoupment begins? If yes, how?**

- A. Yes, providers and suppliers can submit lump sum payments to pay off their entire CAAP balance. Please contact your MAC for instructions on how to make lump sum payment(s)

of your CAAP balance(s). You may also make a partial lump sum payment, however, CAAP recoupment will continue for recovery of the remaining balance per the terms in the *Continuing Appropriations Act, 2021 and Other Extensions Act*.

**17. I received a demand letter requiring reimbursement for my CAAP balance. What interest rate applies?**

- A. In the *Continuing Appropriations Act, 2021 and Other Extensions Act*, Congress established a lower interest rate of 4% to apply to outstanding CAAP balances. If a provider or supplier receives a demand letter and the CAAP balance listed on the demand letter is not repaid within 30 days, interest will accrue at the rate of 4% from the date the MAC issued the demand letter for that CAAP. Interest will be assessed for each full 30-day period that the balance remains unpaid.

**18. Can I request an Extended Repayment Schedule? If so, when can I request one?**

- A. Yes, providers and suppliers are able to submit a request for an Extended Repayment Schedule (ERS) to their assigned MAC *after* they receive a demand letter requiring reimbursement of an outstanding CAAP balance. Since Congress specified the CAAP recoupment terms, providers and suppliers cannot request an ERS for their outstanding CAAP balance *until* they receive this demand letter 29 months from the date the CAAP was issued. A provider or supplier would need to meet specified criteria for financial “hardship” or “extreme hardship” under [42 C.F.R. 401.607\(c\)\(2\)](#) in order to be eligible for an ERS. Each MAC’s website has information on how to submit such a request, as well as information on criteria that must be met in order for MACs to approve requests for ERSs.

**PERIODIC INTERIM PAYMENT (PIP) PROVIDERS**

**19. How will repayment work for Periodic Interim Payment (PIP) providers?**

- A. The repayment process applicable to bi-weekly PIP payments will begin one year from the date the provider received their CAAP. Once the repayment process begins, for the first 11 months, bi-weekly payments and any other payments made to PIP providers will be at a rate of 25% to repay their CAAP payments. After 11 months, if a CAAP balance still remains, payments will continue to be recouped at 50% for an additional six months. Part A PIP providers will have 29 months from the date the CAAP was issued to repay the balance, prior to the issuance of a demand letter requiring repayment of any balance owed within 30 days. If a PIP provider receives a demand letter, and the CAAP balance listed on the demand letter is not repaid within 30 days, interest will accrue at the rate of 4% from the date the MAC issued the demand letter for that CAAP. Interest will be assessed for each

full 30-day period that the balance remains unpaid. CAAP payments will not be included in the reconciliation and settlement of final cost reports. Please see the Terminology section for a description of periodic interim payment.

## COST REPORT IMPACTS

### **20. How will CAAPs be treated on the cost report?**

- A. CAAPs will not be included in the reconciliation and settlement of final cost reports.

## QUESTIONS ON RECOUPMENT OF CAAP AMOUNTS DUE

### **21. I did not receive a CAAP disbursement under my NPI/ PTAN, why are my payments being recouped?**

- A. Providers and suppliers' payments may be recouped for a variety of reasons, including the recovery of existing overpayments unrelated to CAAP amounts due. Additionally, other PTANs and CCNs associated with the same TIN may have outstanding Medicare overpayments or outstanding CAAP balances. Please see the answer to question 9 above. Providers and suppliers are encouraged to contact their MAC for clarification about its CAAP and/or other Medicare overpayment balances that may be due.

### **22. I have already repaid my entire CAAP. Why am I not receiving Medicare payments?**

- A. There are several reasons why a provider or supplier may not be receiving Medicare payments, which depend upon particular circumstances, such as post-demand recoupment. For example, a provider or supplier's Medicare payments can be held for failure to file a cost report timely, or because payments are being fully recouped to recover other Medicare debt. Providers and suppliers experiencing this situation are encouraged to contact their MAC for clarification.

### **23. I believe CMS has recouped more than the CAAP amount I received. How do I get more information about it?**

- A. Providers and suppliers should contact their MAC to receive current CAAP balance and payment information.

## FINANCIAL CONCERNS AND BANKRUPTCY

### **24. Are there any CAAP repayment alternatives?**

- A. No, there are no alternatives to the repayment terms specified in the *Continuing Appropriations Act, 2021 and Other Extensions Act*. However, as addressed in the answer to question number 18 above, *after* the recoupment period ends and a provider or supplier receives a demand letter for any remaining CAAP balance due, the provider or supplier may contact their MAC to request an Extended Repayment Schedule (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.

### **25. I have filed for bankruptcy. What should I do if I owe CAAP amounts?**

- A. Providers and suppliers who have filed for bankruptcy must notify their MAC, so that CMS can properly address Medicare financial obligations in accordance with Medicare statutes and regulations and the Bankruptcy Code. For additional information, please see <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Bankruptcy>.

## PROVIDER OR SUPPLIER UNABLE TO BILL MEDICARE OR CEASING OPERATION

### **26. How will CMS recover my CAAP if I am no longer able to bill the Medicare program?**

- A. If a provider or supplier is no longer able to bill the Medicare program, then CMS will be unable to recoup according to the terms of the *Continuing Appropriations Act, 2021, and Other Extensions Act*. As a result, CMS may issue a demand letter for the balance of any CAAP disbursement. For example, a provider or supplier who has been revoked or deactivated may receive a demand letter requiring repayment of the balance in full if the provider or supplier is no longer able to bill Medicare.

After the issuance of a demand letter, CMS would use its normal overpayment collection procedures to recover this debt. This would include referral of any unpaid overpayment to the Department of Treasury after 120 days so that Treasury would be able to continue to pursue recovery of this debt.

### **27. What actions will CMS take if I am closing my business permanently?**



- A. Ideally, a provider or supplier would fully repay any outstanding Medicare debts, including any outstanding CAAP balance, during the business wind down process. If an outstanding CAAP balance remains and the provider or supplier is no longer able to bill the Medicare program, then CMS may issue a demand for the remaining CAAP balance. In keeping with standard Medicare procedures, CMS would pursue recovery of the debt as described in the answer to question number 26 above.

**28. What actions will CMS take if I am selling my business or changing ownership?**

- A. If a provider or supplier sells their business or undergoes a change of ownership while still owing an outstanding CAAP balance, the CAAP balance will generally transfer to the new owner for repayment, consistent with Medicare change of ownership rules.

**BALANCE/ STATUS OF REPAYMENT**

**29. How do I check my CAAP balance?**

- A. Providers and suppliers should contact their MAC to receive current CAAP balance and payment information.

**30. Will I receive notice of which payments were recouped?**

- A. Providers and suppliers will see the CAAP recoupment amount reflected on their Remittance Advice. Providers and suppliers should contact their MAC to receive current balance and payment information related to the repayment of their CAAP payment.

**31. How will CAAP recoupment appear on my Remittance Advice?**

- A. Once recoupment begins, providers and suppliers will see the recoupment of CAAPs appear as an adjustment in the Provider-Level Balance (PLB) section of the remittance advice. These adjustment transactions will be coded to include “CVD” to represent “COVID-19” and indicate that they relate to CAAP recoupment.