

U.S. Reps. Kind, Schneider, Shaheen, Bennet: Introduce legislation to fix health care provider loan program

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La Crosse, WI – Yesterday, **Reps. Ron Kind (WI-03)** and **Brad Schneider (IL-10)** and **Senators Jeanne Shaheen (NH)** and **Michael Bennet (CO)** introduced legislation to fix a flawed Centers for Medicare and Medicaid Services (CMS) loan program to help health care providers respond to the financial pressures caused by COVID-19 pandemic.

COVID-19 has dramatically cut revenues for our nation's hospitals, physicians, and other health providers, while simultaneously increasing operating expenses. This leaves many providers in an untenable situation and at risk of bankruptcy or closure. The Accelerated and Advance Payment Program, a federally-operated loan program for Medicare providers based on future services, was significantly expanded in the Coronavirus Aid, Relief, and Economic Security (CARES) Act to offer providers much needed access to capital. To date, the program has extended more than \$100 billion in loans.

However, providers have since been informed by CMS the loans will have a 10.25% interest rate and a harsh repayment timeline. The Kind-Schneider bill, the Medicare Accelerated and Advance Payments Improvement Act, would lower participants' interest rate from 10.25% to 1% and extend the period of time providers have to repay the loans. The bill would also provide loan forgiveness in cases of extreme hardship, as well as restart this critical lifeline for Medicare Part B providers.

"Our hospitals are on the front lines of this pandemic and while they are following

recommendations to delay non-essential procedures—their main source of revenue—they have also been forced to absorb additional expenses to prepare for and respond to COVID-19,” said **Rep. Ron Kind**. “The Medicare Accelerated and Advance Payment Program has provided a crucial lifeline to hospitals and other health care providers during this pandemic, but I have heard from many providers with concerns about the high interest rate and other restrictive terms of the loans. I’m proud to work on this important legislation that will help ensure rural health care providers have the resources they need to keep their doors open during this difficult time.”

“Our health care providers in communities large and small are being stretched to the breaking point by the Covid-19 pandemic. It is extremely counterproductive for the federal government to set loan conditions so harsh that they may put many providers out of business at the very time our communities need providers’ care the most,” said **Rep. Brad Schneider**. “Our legislation would fix the Accelerated and Advance Payment Program by setting more reasonable loan terms so health care providers can access this relief during the pandemic as intended by Congress.”

Currently, hospitals and physicians are required to start paying down loans as soon as four months after the first loan is received, and CMS is authorized to withhold up to 100% of Medicare payments to pay back the debt. As well, the 10.25% interest rate starts accumulating on the loans after only one year. The bill would delay recoupment of the loans and lower the recoupment rate from 100% of Medicare payments to 25%. The legislation would also limit the interest rate to 1% after two years.

The bill is supported by the American Medical Association and the Federation of American Hospitals.