

## Letter of Credit Amendment - Prepaid Shared Savings

This amendment includes language for ACOs to update existing letters of credit to include the recoupment of prepaid shared savings. Pursuant to 42 CFR § 425.640(b)(7), ACOs that receive prepaid shared savings must have in place an adequate repayment mechanism in accordance with 42 CFR § 425.204(f) that can be used to recoup outstanding prepaid shared savings. For ACOs that elect to participate in prepaid shared savings, the ACO's repayment mechanism may also be used to recoup outstanding prepaid shared savings.


Use of the format and text as shown in the template letter of credit amendment may expedite CMS' review and should minimize the potential need for revisions, but it does not guarantee CMS' approval of the repayment mechanism documentation (particularly if it has been modified). If the Accountable Care Organization (ACO) and/or banking institution chooses to modify the template, the ACO and/or banking institution should use Track Changes in a Word document when submitting the draft to CMS for review.

### Instructions:

- Complete fields marked in bracketed and bolded text as instructed.
- According to the preferences of the banking institution issuing the letter of credit amendment, provide documentation on letterhead or security paper with the banking institution's logo.

*Disclaimers: The contents of this document do not have the force and effect of law and are not meant to bind the public in any way, unless specifically incorporated into a contract. This document is intended only to provide clarity to the public regarding existing requirements under the law.*

*This communication material was prepared as a service to the public and is not intended to grant rights or impose obligations. It may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations, and other interpretive materials for a full and accurate statement of its contents.*

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AMENDMENT TO STANDBY LETTER OF CREDIT

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER:  
AMENDMENT NUMBER:

ISSUING INSTITUTION ("Issuer") Name & Address:

**[Issuing Institution Name]**  
**[Issuing Institution Address]**

BENEFICIARY Name & Address:

CENTERS FOR MEDICARE & MEDICAID SERVICES ("CMS")  
ATTN: KAREN MCVEARRY, CM/PERFORMANCE-BASED PAYMENT POLICY GROUP  
7500 SECURITY BLVD  
MAIL STOP: C5-15-12  
BALTIMORE, MD 21244  
Phone: 410-786-5604  
Email: [sharesavingsprogram@cms.hhs.gov](mailto:sharesavingsprogram@cms.hhs.gov)

APPLICANT Accountable Care Organization ("ACO") Legal Entity Name & Address:

**[ACO Legal Entity Name]**  
**[ACO Legal Entity Address]**

ISSUANCE DATE: **[Execution Date of Letter of Credit Amendment]**

We hereby amend the above referenced irrevocable standby letter of credit as follows:

The replenishment clause now to read as:

If any portion of this Letter of Credit is used to pay shared losses owed or any prepaid shared savings determined to be owed by the Applicant to the Beneficiary, the Applicant may request an amendment to this Letter of Credit to replenish the amount of funds available through this Letter of Credit within 90 days.

All other terms and conditions remain unchanged.

If you require any assistance or have any questions regarding this transaction, contact

**[issuing institution contact (first and last name)**  
**phone number]**

**[Issuing institution name]**

By:

\_\_\_\_\_  
Authorized signature

Printed Name:

Title: