



Birmingham Medical News : CMS Offers To Settle All Acute Care Inpatient Claim RAC Appeals

Articles / Publications
10.08.2014

CMS is offering to pay hospitals 68 percent of the allowable amount for all claims that are currently on appeal. Specifically, CMS is offering to settle "inpatient status" claims at 68 percent of the "net paid amount" within 60 days of CMS' execution of an "Administrative Agreement." The settlement only covers claims involving inpatient status of the patient. It is interesting to note that the settlement rate is roughly equivalent to the rate at which Administrative Law Judges ("ALJs") have rendered favorable decisions on appealed claims. In a January 14, 2014 letter to the CMS Administrator, the American Hospital Association claimed that nearly 70 percent of appeals of Part A claims are overturned in the hospitals' favor.

CMS hopes that this will alleviate the long backlog of cases awaiting a hearing before an ALJ. As a refresher, effective as of July 15, 2013, the US Department of Health and Human Services Office of Medicare Hearings and Appeals ("OMHA") temporarily suspended the assignment of most new requests for an ALJ hearing in order to permit OMHA Field Offices to work through a massive backlog of approximately 357,000 claims. OMHA stated ALJ-level appeals rose over 184% from 2010 to 2013. The backlog was created, in large part, by an exponential increase in appeals of inpatient reimbursement denials resulting from Recovery Audit Contractor ("RAC") audits. According to a memo from Nancy Griswold, Chief Administrative Law Judge for OMHA, "in just under two years, the OMHA backlog has grown from pending appeals involving 92,000 claims for services and entitlements to appeals involving over 460,000 claims for services and entitlements. The majority of these

RELATED PROFESSIONALS

James A. Hoover

Birmingham Medical News : CMS Offers To Settle All Acute Care Inpatient Claim RAC Appeals

cases involve RACs' decisions that an inpatient claim was not reasonable or necessary based upon CMS' argument that services should have been provided in an outpatient setting. According to figures released by the American Hospital Association, nearly \$1.5 billion in claims are currently being appealed because of this issue.

To download the full article, please [click here](#).