CMS offers settlement to resolve appeals backlog for denials of short stay inpatient claims

September 4, 2014

To reduce the volume of appeals involving short inpatient stays currently pending in the appeals process, on August 29, 2014, the Centers for Medicare & Medicaid Services (CMS) announced that it is now offering an administrative agreement to any hospital willing to withdraw its pending appeals in exchange for timely partial payment (68 percent of the net allowable amount). In the announcement, "CMS encourages hospitals with inpatient status claims currently in the appeals process to make use of this administrative agreement mechanism to alleviate the administrative burden of current appeals on both the hospital and Medicare system."

While acute care hospitals and critical access hospitals are eligible to submit a settlement request, psychiatric hospitals paid under the Inpatient Psychiatric Facilities Prospective Payment System, inpatient rehabilitation facilities, long-term care hospitals, cancer hospitals and children's hospitals are not eligible to submit a settlement request. Hospitals must send their request by October 31, 2014; however, hospitals who are not able to meet this timeframe may request an extension from CMS.

It is not clear whether appeals of claims originally denied as a result of an Office of Inspector General audit are eligible for resolution through this process. It is also not clear whether appeals involving extrapolated overpayments are eligible to participate in this settlement process. Bricker & Eckler has reached out to CMS for clarification with respect to these questions.

Overview of the Process

CMS will review and validate each administrative agreement and claim spreadsheet. CMS anticipates that validation will be (up to) a three-step process as follows:

1. Hospitals will submit their proposed spreadsheet of eligible claims/appeals for CMS review with a signed administrative agreement.

- Click here for additional instructions regarding how to participate in the settlement.
- Click here for the Excel spreadsheet that hospitals must use.
- Click here to access the administrative agreement that hospitals must sign in order to participate in the settlement.

2. Hospitals will review the discrepancies from the first round validation process and resubmit a revised spreadsheet and administrative agreement for CMS validation within two weeks of receipt.

3. If the administrative law judge or Department Appeals Board later identify errors in the agreed upon settlements, they will request that CMS initiate action to:

- Take back monies for claims that were ineligible for settlement that were inadvertently included in an agreement; or
- Pay providers the settlement amount for claims pending appeal that were inadvertently omitted from an agreement.

Requesting a Settlement

To request a settlement of pending appeals of denied short stay claims, hospitals must:

- Print, sign and scan the administrative agreement;
- Follow the directions in the hospital participant settlement instructions to complete the eligible claim spreadsheet; and
- Send an email to MedicareAppealsSettlement@cms.hhs.gov containing:
    1. A pdf of the signed administrative agreement; and
    2. An Excel file of the eligible claim spreadsheet (file name: PROVIDER NAME--6 DIGIT PROV NUM--ROUND ONE.XLS).

Finally, hospitals seeking general information regarding the process can attend a teleconference on September 9, 2014, at 1:00 p.m. EST. Registration for this call will be posted at MLN Connects™ Upcoming Calls. Also, CMS will post and periodically update a list of frequently asked questions about this settlement process. You may email any questions to MedicareSettlementFAQs@cms.hhs.gov.

For more information, please see CMS' website.

Authors