

LONG TERM CARE & SENIOR LIVING BLOG

CMS Offers to Settle Pending Appeals of Denied Claims

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As a result of the substantial backlog of pending appeals for denied inpatient claims, Centers for Medicare & Medicaid Services (CMS) issued an offer to settle these denied claims in exchange for the hospitals withdrawal of pending appeals. Acute Care Hospitals and Critical Access Hospitals have until October 31, 2014 to make a settlement request. The settlement offer provides for hospitals to enter an administrative agreement to receive timely partial payment (68%) of the net allowable amount in exchange for withdrawal of their pending appeals.

This settlement offer applies to all eligible claims from eligible providers. Eligible claims are currently pending appeals of inpatient-status claim denials by Medicare contractors on the basis that services may have been reasonable and necessary but treatment on an inpatient basis was not, with dates of admissions prior to October 1, 2013, and where the patient was not a Part C enrollee. The hospital may not choose to settle some claims and continue to appeal others. Certain hospitals may be excluded from this settlement opportunity based on pending False Claims Act litigation or investigations.

CMS will post and periodically update a list of Frequently Asked Questions about this settlement process. Email any questions to MedicareSettlementFAQs@cms.hhs.gov.

For hospital clients with such claims, this is important news. While the settlement offer is a reduced amount, the offer allows hospitals to receive funds now rather than waiting for an Administrative Law Judge (ALJ) hearing. The backlog to reach an ALJ hearing to argue these denied claims is lengthy. Eligible providers should reach out to their legal counsel to determine the best course of action.

By Denise Bloch

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