

PUBLICATION

CMS Pays \$1.3 Billion to Hospitals for Settlements of Medicare Inpatient Appeals [Ober|Kaler]

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On June 11, 2015, CMS announced that it had entered into settlements with over 1,900 hospitals for over 300,000 disputed inpatient billing claims. CMS updated its website dedicated to inpatient hospital reviews, noting that as of June 1, 2015, it had executed the settlements and had paid approximately \$1.3 billion to providers. The now-settled claims were initially rejected by CMS, because the CMS contractor found treatment on an inpatient basis to be unnecessary.

The settlement process stemmed from the Office of Medicare Hearings and Appeals' inability to keep pace with the steep increase in claims appeals, which included a large number of appeals from reviews performed by Medicare's Recovery Audit Contractors (RACs). To address the back-log of appeals, CMS offered to settle with hospitals at 68 cents on the dollar, in exchange for hospitals' withdrawal of pending appeals of inpatient billing claims. In addition to the settlements, CMS continues to prohibit RACs from reviewing inpatient hospital patient status for dates of admission between October 1, 2013 and September 30, 2015.