



BREAKING: CMS Announces Settlement to Resolve Appeals Backlog

In the ongoing saga between CMS and hospitals over the backlog of appeals caused by the Recovery Auditor (RAC) program, CMS [announced a settlement program](#) on Friday that may provide hospitals with some relief. CMS has offered to pay hospitals with pending appeals related to patient status (inpatient vs. outpatient observation) 68% of the expected reimbursement to resolve the appeals. The settlement covers claims with dates of service before October 1, 2013. Settlement requests are due to CMS by October 31, 2014, giving hospitals a tight timeframe in which to assess the costs and benefits of settling their pending appeals.

There are currently over 1 million appeals pending at the third level of appeal before Administrative Law Judges (ALJs). Most providers are waiting almost 2 years to have an ALJ hearing on their appeals, while CMS has already recouped payments. CMS' settlement offer gives hospitals the opportunity to resolve pending appeals and receive partial payment in a relatively short timeframe. The settlement program would cover all of a hospital's pending patient status appeals, meaning that a hospital cannot settle some claims and continue to appeal others. Hospitals already have the opportunity to withdraw appeals and re-bill the claims under Part B, so hospitals should evaluate whether this settlement offer represents an increased payment amount for claims eligible for rebilling.

Interested hospitals can find out more information on [CMS' website](#). If your hospital has pending patient status appeals and needs assistance evaluating or participating in this settlement program, please contact an attorney on HDJN's Reimbursement Team.

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