ONE HUNDRED SEVENTH CONGRESS

U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515–6115

W.J. "BILLY" TAUZIN, LOUISIANA,
CHAIRMAN

December 4, 2001

The Honorable David M. Walker
Comptroller General
U.S. General Accounting Office
441 G Street, NW.
Washington, D.C. 20548

Dear Mr. Walker:

Both beneficiaries and health care providers alike depend on the Centers for Medicare and Medicaid Services (CMS) to administer the Medicare program in an equitable and efficient manner. For this reason, the Committee on Energy and Commerce initiated a comprehensive review of the major programs, policies, and operations of CMS earlier this year. As part of this initiative, known as "Patients First: A 21st Century Promise to Ensure Quality and Affordable Health Coverage," the Committee has been studying the interaction between beneficiaries, health care providers, and the Medicare program.

Through this initiative, beneficiaries and health care providers have raised concerns to us regarding the Medicare appeals process. Medicare processes nearly 900 million claims a year for services furnished to millions of beneficiaries by a vast range of health care providers and suppliers. When a claim for an item or service is denied by Medicare, a beneficiary, or in some cases a provider, has a right to appeal the decision. This system is vitally important to ensure that beneficiaries receive the care to which they are entitled. Those who use the Medicare appeals process, however, believe that it is confusing, too slow, and in need of improvement.

For these reasons, we ask that your office conduct an assessment of the Medicare appeals process. This assessment should focus on the following issues:

(1) The Medicare appeals process — What procedures must beneficiaries and health care providers follow when appealing denied claims? What are the rights of appellants? How quickly are appeals resolved at each level of review? Are there prescribed timeframes for

making these determinations and, if so, are they adhered to? What has caused or contributed to identified appeal backlogs?

(2) Decisions eligible for appeal — What types of disputes may be appealed? Under what circumstances do beneficiaries have the right to appeal? Are there any limits on who may initiate an appeal and when? Are there types of disputes specifically excluded from the appeals process?

(3) Notice requirements — What are Medicare's requirements for notifying beneficiaries and health care providers of their right to appeal? What are the contents of these notices? To whom are they sent and when? Are Medicare's notice requirements adhered to? Is the information provided in these notices clear and set forth in a manner that can be easily understood by beneficiaries and providers?

(4) The significance of denials and appeals — How many claims are denied each year? Of those claims, how many are appealed? Please identify (1) the number and percentage of claims appealed; (2) the number of appeals filed and denials overturned by type of appellant, including the type of provider or supplier; and (3) the number of denials overturned at each level of review, including the fiscal intermediary or carrier for fee-for-service claims and the Center for Health Dispute Resolution for Medicare+Choice claims; the administrative law judge; the Departmental Appeals Board; and the Federal court. Please also identify the reason(s) denials are overturned at each level of review.

(5) Potential improvements to the system — What can be done to make the appeals process more equitable and efficient so beneficiaries and health care providers are treated fairly without jeopardizing the integrity of the Medicare program? In what way will the reforms enacted in section 521 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA) affect the Medicare appeals process?

(6) Costs to implement improvements — Please provide us with an estimate regarding how much it would cost to implement BIPA changes to the appeals process as well as any additional improvements to the system you may recommend.

We appreciate your prompt attention to this important matter. If you have any questions regarding this request, please contact Erin Kuhls of the Majority staff at 202-225-2927 or Amy Hall and Karen Folk of the Minority staff at 202-226-3400.

Sincerely,

W.J. "Billy" Tauzin
Chairman

John D. Dingell
Ranking Member