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July 23, 2008

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Deadline to Appeal Reduction in Annual Payment Update for FFY 2008 Under RHQDAPU is Fast Approaching...

In this Issue

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If your hospital did not receive a full Medicare annual payment update based on CMS's determination that you failed to submit required quality data, be aware that the deadline for appealing this decision is getting close.

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The Centers for Medicare and Medicaid Services (CMS) released a list of over 150 acute care hospitals that will not receive their full Medicare annual payment update for federal fiscal year (FFY) 2008 as a result of CMS' determinations that the hospitals failed to comply with the requirements of the Reporting Hospital Quality Data for Annual Payment Update (RHQDAPU) program. Under the RHQDAPU program, hospitals must submit data for specific quality measures relating to health conditions which are common to Medicare beneficiaries and which typically result in hospitalization. The hospital quality reporting initiative, which was initially enacted as part of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 and later revised by Section 5001(a) of the Deficit Reduction Act of 2005, began as a voluntary reporting initiative, but participation and compliance is now mandatory for hospitals to avoid a reduction in their inpatient prospective payment system annual payment update.

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To receive their full FFY 2008 market basket update, hospitals were required to submit data associated with 27 quality measures, including, for example, data relating to the provision of aspirin upon arrival at the hospital for heart attack patients and data relating to the verification of a patient's pneumococcal vaccination status for pneumonia patients. A hospital's failure to submit the required data for the 27 quality measures "in the form and manner specified by CMS" would result in a 2.0 percentage point reduction in the hospital's annual market basket update for FFY 2008. Hospitals were also required to pass a CMS validation process that requires 80-percent reliability based upon the chart-audit validation process. Under the chart validation process, a CMS contractor reviews a random sample of five medical charts each quarter in order to compare the quality data abstracted by the hospital for reporting with the CMS contractor's sample abstraction.

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Hospitals that did not meet the RHQDAPU program requirements for FFY 2008 should have received a notification letter from CMS last fall explaining the reasons why the hospital did not meet the requirements. Hospitals were permitted to submit a reconsideration request to CMS by November 1, 2007. It is our understanding that CMS responded to deny or accept these reconsideration requests sometime around January 29, 2008. To the extent that a hospital's reconsideration request was denied, a hospital is permitted to file an appeal with the Provider Reimbursement Review Board (PRRB) within 180 days of the hospital's denial. This means that the deadline for appealing expires sometime in late July or August, depending on when a hospital received its denial letter from CMS.

Ober|Kaler's Comments: Any hospital that received a denial of its RHQDAPU reconsideration request should consider filing its appeal with the PRRB as soon as possible, if it would like to preserve its appeal rights. The list of hospitals that will not receive their full annual payment update for FFY 2008 under the RHQDAPU program is available at:

<http://www.qualitynet.org/dcs/ContentServer?cid=1154977996543&pagename=QnetPublic%2FPage%2FQnetTier3&c=Page>.

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