

CMS FILES SECRETIVE SETTLEMENT

QUICK STATS

- ✘ **CONFERENCE:** Regulation
- ✘ **TEAM:** Centers for Medicare and Medicaid Services
- **FUMBLE:** \$1.3 Billion
- **HOW TO RECOVER THE BALL:** Congress should work with CMS to solve the backlog issues that result in a \$1.3 billion settlement

Here is a story about federal inefficiency that also cost American families a lot of money and could ultimately result in higher costs and fewer providers. When Medicare and Medicaid patients go to a doctor or a hospital, a claim is filed and, if considered eligible for reimbursement, the bill is paid directly to that doctor or hospital. If the claim is denied for any reason, the hospital has the right to appeal. Here is where the problem starts: CMS has such a dysfunctional, disorganized, and backlogged system that it cannot properly process the appeals. So instead of taking the time to actually fix its system, CMS just agreed to partially pay all the hospitals who appeal an already denied claim.

In June 2015 CMS settled for \$1.3 billion with 1,900 hospitals and paid 300,000 claims previously deemed “medically unnecessary,” which were already reviewed and denied twice.⁴⁴ Most of these claims were related to short inpatient stays, which have long been a source of abuse and improper claims. But worst of all, CMS paid these settlements from the

Medicare Trust Fund without telling anyone or asking permission.⁴⁵ Those who rely on Medicaid and Medicare deserve CMS to be a good steward in administering the programs, and taxpayers deserve to know their hard-earned dollars are spent appropriately. A major part of the problem is this: the system of auditing the providers has so many problems and mistakes that good providers are treated like criminals instead of public servants. When a provider is forced to prove innocence, enormous numbers of appeals and a huge backlog are created.

RECOVERY

Congress should immediately investigate how CMS got to this point, why major changes were not made, and how a more than \$1 billion settlement could be made without congressional approval. This cannot happen again. American families cannot afford it, and good healthcare providers should not have to endure it.

[For more information, please visit:](#)

[CMS: Inpatient Hospital Reviews](#)

[The Washington Free Beacon: CMS' Secretive Settlement](#)

[Citizens Against Government Waste: CAGW Slams CMS for Secretive Settlement, Payments of \\$1.3 Billion for Improper Hospital Claims](#)