

Medicare Appeals Workload Projections - OMHA

(data reported in appeals, as of 6/30/2018)

Baseline Estimates	FY17	FY18	FY19	FY20	FY21	FY22
Pending Appeals at Beginning of Fiscal Year	675,530	578,683	426,594	341,324	214,792	106,356
New receipts	112,933	71,634	74,572	76,368	84,414	86,150
Dispositions	(84,729)	(104,500)	(121,150)	(176,600)	(187,850)	(187,850)
Administrative Actions	(122,664)	(119,223)	(38,692)	(26,300)	(5,000)	(5,000)
Pending Appeals at End of Fiscal Year	581,070	426,594	341,324	214,792	106,356	0

Footnotes:

1/ Negative numbers reflect adjudicated appeals. Positive numbers reflect appeals awaiting adjudication.

2/ New workload and additional adjudication capacity projections only include Part A and B claims. Disposition capacity includes all entitlement claims (e.g., Parts A-D, QIO).

3/ Baseline estimates represents status of appeals without any legislative or budgetary action.

4/ Dispositions refers to ALJ dispositions, attorney adjudicator dispositions, Senior ALJ Program adjudication, on-the-record adjudication, and statistical sampling. Other dispositions are included in Administrative Actions.

5/ FY17 data represent actuals. FY18 Pending Appeals at Beginning of Fiscal year is an actual.

OMHA Actions (data reported in appeals, as of 6/30/2018)

Fiscal Year	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Pending Appeals at Beginning of Fiscal Year	675,530	578,683	426,594	341,324	214,792	106,356
New Receipts^{1,2}	112,933	71,634	74,572	76,368	84,414	86,150
Total Appeals Removed at Current Budget Level			(159,842)	(202,900)	(192,850)	(192,850)
Impact of Prior Budget Level (FY17)	(207,393)	(223,723)	(137,342)	(124,150)	(102,850)	(102,850)
OMHA Dispositions	(84,729)	(104,500)	(98,650)	(97,850)	(97,850)	(97,850)
<i>ALJ Dispositions</i>	<i>(77,121)</i>	<i>(90,000)</i>	<i>(90,000)</i>	<i>(90,000)</i>	<i>(90,000)</i>	<i>(90,000)</i>
<i>Attorney Adjudicator Dispositions</i>	<i>0</i>	<i>(5,000)</i>	<i>(5,000)</i>	<i>(5,000)</i>	<i>(5,000)</i>	<i>(5,000)</i>
<i>Settlement conference facilitation - prior to States (non-add)³</i>	<i>(3,209)</i>					
<i>On The Record (OTR) adjudication option (non-add)</i>	<i>(3,377)</i>	<i>(1,500)</i>	<i>(1,150)</i>	<i>(350)</i>	<i>(350)</i>	<i>(350)</i>
<i>Senior ALJ Program (non-add)</i>	<i>(619)</i>	<i>(500)</i>	<i>(500)</i>	<i>(500)</i>	<i>(500)</i>	<i>(500)</i>
<i>Statistical sampling expanded / sampling with consent (non-add)</i>	<i>(403)</i>	<i>(7,500)</i>	<i>(2,000)</i>	<i>(2,000)</i>	<i>(2,000)</i>	<i>(2,000)</i>
Administrative Action Dispositions	(122,664)	(119,223)	(38,692)	(26,300)	(5,000)	(5,000)
<i>Settlement conference facilitation - including States (non-add)⁴</i>		<i>(67,000)</i>	<i>(8,000)</i>	<i>(5,000)</i>	<i>(5,000)</i>	<i>(5,000)</i>
<i>QIC Discussion Demonstration - Remands for Resolution (non-add)</i>	<i>(23,911)</i>	<i>(17,325)</i>	<i>(18,563)</i>	<i>(19,800)</i>	<i>0</i>	<i>0</i>
<i>Received appeals combined for efficiency (non-add)⁵</i>	<i>(7,267)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Low Volume Appeals (non-add)⁶</i>	<i>0</i>	<i>(27,648)</i>	<i>(4,879)</i>			
<i>Serial Claims Initiative (non-add)</i>		<i>(7,000)</i>	<i>(7,000)</i>	<i>(1,500)</i>		
<i>CMS Hospital Settlements (non-add)</i>	<i>(91,486)</i>	<i>(250)</i>	<i>(250)</i>	<i>0</i>	<i>0</i>	<i>0</i>
Added Impact of Current Budget Level (FY18)			(22,500)	(78,750)	(90,000)	(90,000)
<i>Additional ALJ teams</i>			<i>(20,000)</i>	<i>(70,000)</i>	<i>(80,000)</i>	<i>(80,000)</i>
<i>Magistrates⁷</i>			<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Additional Attorney Adjudicator Capacity</i>			<i>(2,500)</i>	<i>(8,750)</i>	<i>(10,000)</i>	<i>(10,000)</i>

Footnotes:

1/ Prior Year receipts include the majority of appeals received through June 30, 2018. Out Year receipts are from CMS projections.

2/ Receipts exclude reopened appeals but include appeals involved in CMS settlements.

3/ OMHA Dispositions exclude remands.

4/ Prior Year SCF counts reflect SCF appeals closed (versus SCF appeals settled).

5/ FY18 SCF estimate includes: (46,000) from NY, (3,400) from CT, (3,600) from MA, (5,000) other settlements, and (9,000) SMA appeals avoided/dismissed.

6/ LVA projections are based on receipts through May 23, 2018; estimates include (33,000) appeals split between OMHA (32,527) and the DAB (473).

7/ Appeals combined for efficiency result in one disposition for a group of combined appeals. This line accounts for received appeals that are not reflected in disposition counts or elsewhere. This line cannot be predicted in advance (out year estimates reflect uncombined appeals).

OMHA Assumptions/Definitions:

Pending Appeals at Beginning of Fiscal Year: Prior Year Pending Appeals count carried forward

New Receipts: Prior Year Actuals, and Out Year Estimates from CMS Projections

Total Appeals Removed at Current Budget Level: Cumulative impact of FY18 Budget Level, excludes estimated impacts of FY 2019 President's Budget proposals (displayed as non-adds)

Impact of Prior Budget Level (FY17): Estimated impact of FY 2017 Budget Level

OMHA Dispositions: Sum of the following

ALJ Dispositions: ~92 Onboard ALJs - adjusted to account for production impact of (minimal) attrition

Attorney Adjudicator Dispositions: Largely replaces OTR Pilot in the long-term

Settlement conference facilitation (SCF) - prior to States: Excludes State Medicaid Agency settlements. Added to the SCF count below starting in FY18

On The Record (OTR) adjudication option: Largely replaced by Attorney Adjudicator Dispositions in the long term, but will persist since all new Attorney Adjudicators are required to complete a minimum of 50 OTR decisions along with other agency requirements prior to receiving a delegation as an Attorney Adjudicator

Senior ALJ Program: Estimates based on prior year actuals

Statistical sampling expanded / sampling with consent (Added Impact): Estimates based on prior year actuals and what's in the pipeline

Administrative Action Dispositions: Sum of the following

Settlement conference facilitation - including States: Includes State Medicaid Agency settlements. All SCF dispositions counted here starting in FY18

QIC Discussion Demonstration - Remands for Resolution: Prior Year Actuals, and Out Year Estimates from CMS Projections

CMS Hospital Settlements: Prior Year Actuals, including HASP 1 and HASP 2, and stragglers that weren't properly closed or lacked documentation

Received appeals combined for efficiency: Result in one disposition for a group of combined appeals. Accounts for received appeals that are not reflected in disposition counts, QIC discussion demo or CMS settlements. This line cannot be projected.

Low Volume Appeals: Program is scheduled to end June 8th

Serial Claims Initiative: CMS initiative - estimates include actuals and appeals at level 3 as of May 31, 2018 - overall impact is expected to decrease in out years as more appeals are addressed at level 2

Added Impact of Current Budget Level: Estimated impact of additional funds received with FY 2018 Budget

Additional ALJ teams: Approximately 80 additional ALJ teams

Additional Attorney Adjudicator Capacity: Approximately 15 additional attorney adjudicators

Projection assumes future appropriations are maintained at current level of funding

*Impacts for Settlement Conference Facilitation Expansion are not yet available. Further experience and information is required before an estimate can be made.

CMS - QIC Projections (data reported in appeals, as of 6/30/2018)

	FY 2017 ¹	FY 2018 ²	FY 2019 ^{3,4}	FY 2020 ^{3,4}	FY 2021 ^{3,4}	FY 2022 ^{3,4}
Baseline Receipts						
Non-RAC Receipts						
Part A Receipts	84,596	87,135	88,686	90,805	92,857	94,900
Part B Receipts	149,334	119,772	121,628	124,438	127,176	129,897
DME Receipts	190,661	129,820	131,832	134,878	137,845	140,795
Total Non-RAC Receipts	424,591	336,727	342,146	350,121	357,878	365,592
RAC Receipts	12,062	1,200	10,000	10,000	10,000	10,000
Total Receipts before Adjustments	436,653	337,927	352,146	360,121	367,878	375,592
Receipts Avoided from Prior Year Adjustments ⁵		0	-550	-2,050	-2,250	-2,450
Total Receipts Including Prior Year Adjustments		337,927	351,596	358,071	365,628	373,142
Potential Denials by QIC (=Total Receipts X 55% QIC Denial Rate)⁶		185,860	193,378	196,939	201,095	205,228
Potential Baseline Appeals to ALJ (=Potential Denials by QIC X 42% appeal rate)⁷		78,061	81,219	82,714	84,460	86,196
Administrative Actions						
Receipts Avoided from Reaching QIC Level						
Prior Authorization Demonstrations (PMD, Ambulance, HBO)	-3,000	-2,000	-1,000	0	0	0
Prior Authorization Regulation for DMEPOS ^{8, 9, 10}	-500	-200	-500	-200	-200	-200
Home Health Review Choice Demonstration	0	0	0	0	0	0
Total Receipts Avoided (Current Year Adjusted by Quarter) ¹¹	-3,500	-550	-1,500	-200	-200	-200
Potential Denials by QIC (=Total Receipts Avoided X 55% QIC Denial Rate)⁶		-303	-825	-110	-110	-110
Administrative Actions Post-QIC Denial but Not Pending at OMHA						
QIC Demonstration ¹²	-14,914	-15,000	-15,000	-15,000	0	0
Total Potential QIC Denials Avoided from CMS Administrative Actions		-15,303	-15,825	-15,110	-110	-110
Potential Appeals to ALJ Avoided (= [Potential Denials by QIC - QIC Demo Removals] X 42% appeal rate)⁷		-6,427	-6,647	-6,346	-46	-46
Net Receipts						
Total QIC Receipts after Adjustments		337,377	350,096	357,871	365,428	372,942
Potential Denials by QIC (=Total Receipts after Adjustments X 55% QIC Denial Rate)⁶		185,557	192,553	196,829	200,985	205,118
Net Potential Appeals to ALJ (=Potential Baseline Appeals to ALJ - Potential Appeals to ALJ Avoided from Admin Actions - Potential Appeals to ALJ Avoided from Legislative Proposals)	112,933	71,634	74,572	76,368	84,414	86,150

Baseline Receipts:
1. FY 2017 represents actual counts.
2. FY 2018 counts are extrapolated based on first 3 quarters data.
3. Non-RAC Receipt Projections for FY 2019 - FY 2022 are based on Medicare FFS enrollment growth projections from CMS Office of Actuary (CMS OACT). According to OACT, Medicare growth rates for Part A FFS beneficiaries for CY2019 - CY2022 are 1.78%, 2.39%, 2.26% and 2.20% respectively; and for Part B FFS beneficiaries, 1.55%, 2.31%, 2.20% and 2.14% respectively.
4. RAC Receipt Projections for FY 2019 - FY 2022 are based on ramping up of reviews under new contracts.
5. Receipts Avoided from Prior Year Adjustments: Current Year assumes no further impact from prior year adjustment. FY 2019 assumes baseline receipts will be reduced by the number of appeals avoided from the prior year's administrative actions impacts (adjusted by quarter). FY 2020-22 assume a reduction in baseline receipts by the cumulative impact of prior years' administrative impacts from the current year up to the Projected year.
Denials/Appeals Rate:
6. Potential denials by QIC reflect most recent 8-quarter (two-year) rolling average. QIC denial rate is calculated based on decided appeals which include dismissals but exclude misrouted, escalated and pending appeals.
7. Potential Appeals to ALJ reflect most recent 8-quarter (two-year) rolling average. Appeal rate is estimated using receipts at higher level divided by denials at lower level in the same fiscal year.
Administrative Actions:
Prior Authorization Regulation for DMEPOS
8. FY 2017 represents a non-add estimate based on 2 specialized wheelchair codes that were implemented in FY 2017.
9. FY 2018 represents estimates based on the 2 codes from FY 2017 and inclusion of the PMD demonstration for one month. PMD demonstration ends in September 2018 and is fully integrated into regulation for all of FY 2019 and future years.
10. FY 2019-FY 2022 represents estimates based on the 2 codes from FY 2017 and inclusion of the PMD demonstration for the full year.
Total Receipts Avoided
11. Only the current year total is adjusted downward by quarter to reflect impact of administrative actions already experienced. Quarter 1 data is lowered by 25%, Quarter 2 is lowered by 50%, Quarter 3 is lowered by 75%, and Quarter 4 impacts are considered non-add (lowered by 100%).
QIC Demonstration
12. DME appeals reversed fully or partially at QIC level through formal discussions with the appellants. FY2016 and FY2017 are actual counts of reopenings. FY2018 - FY2020 projections assume similar workload and similar outcomes as FY2017.