

United States Senate
Committee on Finance
Washington, D.C. 20510

For Immediate Release
Monday, August 1, 2005

Grassley, Baucus keep pressure on to make sure
Medicare beneficiaries have access to appeals process

WASHINGTON — Sens. Chuck Grassley and Max Baucus today urged the Department of Health and Human Services to take all necessary steps to ensure that Medicare beneficiaries have access to a fair and accessible appeals process for denied claims.

The senators based their own appeal to the agency on the findings of a new report completed by the independent Government Accountability Office. Grassley and Baucus requested the report, which identified specific concerns about the way the Department of Health and Human Services has provided only limited access to in-person hearings for Medicare beneficiaries; has not completed its hiring of administrative law judges and staff, including a chief judge, to hear appeals; has not fully implemented a case-tracking system; and has not established a contingency plan for the transfer.

The new assessment was made as the Department of Health and Human Services took over administration of this process from the Social Security Administration, as required by the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (P.L. 108-173). The transfer began July 1 and is scheduled to be completed October 1.

“The appeals process is an essential part of the Medicare program, providing due process to all Medicare beneficiaries,” Grassley said. “This new report says that many of the same shortcomings described last fall still exist and threaten the entire appeals process. We need to stay on top of the transfer process to make sure the current failures by the Department of Health and Human Services do not continue. The new system needs to work in the interest of beneficiaries, not against them.”

“Based on today’s GAO report, I remain concerned about HHS’ new Medicare appeals process,” Baucus said. “Many of the issues with the process remain unresolved, which effectively denies Medicare beneficiaries access to judges and due process. All Medicare recipients deserve an appeals process that is fair and just.”

Medicare processes over one billion medical claims every year for services provided to beneficiaries. In fiscal 2004, Medicare contractors denied over 158 million Medicare claims. Approximately five million of those were appealed. Of the claims denied that year, about 113,000 were appealed to administrative law judges.

The Medicare appeals process is typically used by beneficiaries and providers to dispute Part A, Part B, Part C and, soon, Part D claims denied payment by the Centers for Medicare and Medicaid Services. This process gives providers and beneficiaries an avenue in which to present their case for payment before an independent administrative law judge.

As chairman and ranking member of the Senate Committee on Finance, Grassley and Baucus co-authored the Medicare improvement legislation in 2003. They requested today's report – GAO-05-703R – as well as the report issued last October – GAO-05-45. The reports can be obtained at www.gao.gov. Grassley and Baucus also wrote to the Department of Health and Human Services and the Social Security Administration in May 2004 and again in March 2005 urging the agencies to prepare as necessary for the transfer.