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# CMS Manual System

## Pub. 100-20 One-Time Notification

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Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

Transmittal 96

Date: JULY 23, 2004

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CHANGE REQUEST 3354

**I. SUMMARY OF CHANGES:** Section 940 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 requires the Secretary to annually adjust the amount in controversy thresholds for the administrative law judge and judicial review levels by a dollar amount equal to the percentage increase in the medical care component of the consumer price index, rounded to the nearest multiple of \$10.

**NEW/REVISED MATERIAL - EFFECTIVE DATE: October 1, 2004**

**\*IMPLEMENTATION DATE: October 1, 2004**

**MCS Changes Implementation Date: January 3, 2005**

*Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual not updated.)**

**(R = REVISED, N = NEW, D = DELETED) – (Only One Per Row.)**

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
N/A	

**\*III. FUNDING:**

**These instructions shall be implemented within your current operating budget.**

**IV. ATTACHMENTS:**

	<b>Business Requirements</b>
	<b>Manual Instruction</b>
	<b>Confidential Requirements</b>
<b>X</b>	<b>One-Time Notification</b>
	<b>Recurring Update Notification</b>

**\*Medicare contractors only**

# Attachment - One-Time Notification

Pub. 100-20	Transmittal: 96	Date: July 23, 2004	Change Request 3354
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**SUBJECT:** Annual Changes to the Amount in Controversy (AIC) Thresholds for the Administrative Law Judge (ALJ) and Judicial Review Levels of the Claim Appeals Process as Required by Section 940 of the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003

## I. GENERAL INFORMATION

**A. Background:** In the Medicare fee-for-service claim appeals process, the minimum amount in controversy (AIC) thresholds required to request an ALJ hearing or judicial review are \$100 and \$1000 respectively. Section 940 of the MMA now requires the Secretary to make annual adjustments to these thresholds. This one-time notification explains how the new AIC threshold affects contractors' decision letters.

**B. Policy:** Section 940 of the MMA requires CMS to annually adjust the amount in controversy thresholds for the ALJ and judicial review levels by a dollar amount equal to the percentage increase in the medical care component of the consumer price index for July 2003 to the July preceding the year involved. If the adjusted amount is not a multiple of \$10, CMS must round the amount to the nearest multiple of \$10. Each year CMS will publish a notice in the Federal Register to announce the adjusted amount if there is a change. The adjusted amount will become the new AIC threshold for all requests for ALJ hearings or judicial reviews made in the calendar year following its publication in the Federal Register.

The new AIC threshold must be identified in hearing officer hearing and Part A redetermination decisions issued on or after January 1, 2005. For hearing officer hearing and Part A redetermination decisions issued November 3 through December 31, contractors must notify the parties to an appeal of the AIC threshold required for an ALJ hearing on or before December 31, as well as the AIC threshold required beginning January 1.

**C. Provider Education:** None

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

Requirement #	Requirements	Responsibility
3354.1	The AICs required to request an ALJ hearing or judicial review shall be adjusted annually based on the increase in the medical care component of the consumer price index.	CMS

3354.2	Each year, the AIC shall be published in the Federal Register if there is a change.	CMS
3354.3	Contractors shall ensure that the new and the old AICs are used in all contractor generated notices for hearing officer hearing and Part A redetermination decisions issued between November 3 and December 31.	Contractors
3354.4	Contractors shall ensure that the new AICs are used in all contractor generated notices for hearing officer hearing and Part A redetermination decisions issued on or after January 1.	Contractors

### III. SUPPORTING INFORMATION & POSSIBLE DESIGN CONSIDERATIONS

#### A. Other Instructions: N/A

X-Ref Requirement #	Instructions

#### B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

#### C. Interfaces: N/A

#### D. Contractor Financial Reporting /Workload Impact: N/A

#### E. Dependencies: N/A

#### F. Testing Considerations: N/A

### IV. SCHEDULE, CONTACTS, AND FUNDING

<p><b>Effective Date:</b> October 1, 2004</p> <p><b>Implementation Date:</b> October 1, 2004 MCS Changes Implementation Date: January 3, 2005</p> <p><b>Pre-Implementation Contact(s):</b> Jennifer Eichhorn Frantz (410) 786-9531 or Arrah Tabe-Bedward (410) 786-7129</p> <p><b>Post-Implementation Contact(s):</b> John Scott (410) 786-3636</p>	<p><b>These instructions shall be implemented within your current operating budget.</b></p>
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