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# Program Memorandum Intermediaries/Carriers

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

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Transmittal AB-02-034

Date: MARCH 20, 2002

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This Program Memorandum re-issues Program Memorandum AB-01-02, Change Request 1392 dated January 12, 2001. The only change is the discard date; all other material remains the same.

## CHANGE REQUEST 1392

### SUBJECT: Managing Medicare Appeals Workloads in FY 2001

This Program Memorandum (PM) provides guidance to contractors in managing potential appeals workload backlogs in FY 2001. The CMS requests that each Medicare contractor use the following priorities in appeals workloads throughout the fiscal year. This PM applies to all Medicare appeals workloads, including reconsiderations, reviews, fair hearings, administrative law judge (ALJ) hearings, and agency referrals.

Although contractors should continue to use a first-in, first-out method for processing appeals, as the year progresses it should become apparent whether a contractor will have sufficient funding to adjudicate all of the appeals submitted. The CMS expects that each contractor will prioritize its appeals workload in the following manner:

- Priority 1 – Finalize effectuation of all ALJ decisions and Departmental Appeals Board (DAB) decisions;
- Priority 2 – Adjudicate all request for telephone appeals (if applicable) in a timely and effective manner (Note: each contractor should determine whether an appeal can be resolved and adjudicated by telephone. If the appeal is considered too complex and/or significant documentation must be submitted in order to adjudicate the appeal, the contractor should forward the request for review to the written appeals section);
- Priority 3 – Adjudicate written reconsiderations, reviews, and fair hearings from beneficiaries or their appointed beneficiary representative with or without documentation within the timeframes prescribed in the FY 2001 Budget and Performance Requirements (BPRs);
- Priority 4 – Adjudicate written requests for reconsiderations, reviews, and fair hearings from providers, suppliers, or other appellants, including States or their third party agents, that are submitted with necessary documentation within the timeframes prescribed in the FY 2001 BPRs;
- Priority 5 – Adjudicate written requests for reconsiderations, reviews, and fair hearings from providers, suppliers, or other appellants, including States or their third party agents, that are submitted without necessary documentation within the timeframes prescribed in the FY 2001 BPRs;
- Priority 6 – Prepare, assemble, and forward Part A and Part B ALJ hearing case files that contain necessary documentation within the time frames prescribed in the FY 2001 BPRs;
- Priority 7 – Prepare, assemble, and forward Part A and Part B ALJ hearings case files that do not contain necessary documentation within the time frames prescribed in the FY 2001 BPRs; and

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Priority 8 – Submit agency referrals to the DAB.

If a contractor must backlog any appeal workload in FY 2001, CMS expects that each contractor will backlog workloads beginning with the lowest priority listed above (i.e., Priority 8, submit agency referrals to the DAB) and work sequentially backwards.

For the purposes of this PM, backlogging an appeal occurs when a contractor is unable to process and/or adjudicate an appeal in the timeframes specified in the BPRs. In the event that a contractor is unable to process an appeal within the timeframe established in the BPR, CMS expects the contractor to control and, if applicable, acknowledge each appeal. For an appeal that is backlogged, a contractor should not begin appeals development, including request for documentation, review, and adjudication, until funds become available.

Providers and suppliers should be notified that failure to submit appropriate documentation, if any, that supports the contention that the initial determination was incorrect under Medicare coverage and payment policies may delay appeals development and determinations. Inform your providers and suppliers of these instructions through regularly scheduled newsletters.

Contractors are instructed to use the following model language, or something similar, when communicating with providers and suppliers.

Model language to be used in communication with providers and suppliers:

In an effort to manage incoming appeals in FY 2001 with the given resources, CMS has provided guidance relative to processing appeals. Incoming appeal requests submitted without necessary supporting documentation will be given secondary priority to appeal requests submitted with appropriate documentation. Consequently, determinations or decisions on appeal requests that are submitted without appropriate documentation to support the contention that the initial determination was incorrect could possibly be delayed.

**The *effective* date for this PM is January 31, 2001.**

**The *implementation* date for this PM is January 12, 2001.**

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

**This PM may be discarded after January 1, 2003.**

**If you have any questions, contact Jennifer Eichhorn at (410) 786-9531, e-mail [JEichhorn@cms.hhs.gov](mailto:JEichhorn@cms.hhs.gov) or Steve Miller at (410) 786-66656, e-mail [SMiller1@cms.hhs.gov](mailto:SMiller1@cms.hhs.gov).**

**Providers/suppliers are to contact their appropriate intermediary or carrier.**