

Report on Medicare Compliance Volume 29, Number 7. February 24, 2020

Sample Letter for Appealing Downcoding, Denials From Unbundling Audits

Valerie Rinkle, president of Valorize Consulting, developed this letter to help hospitals appeal denials by private payers. She says hospitals can argue payers may not be following the HIPAA transaction sets (see story, p. 1).^[1] Contact Rinkle at valerie.rinkle@valorizeconsulting.com.

Dear Payer,

This letter is to appeal and dispute both past and any future denials of hospital charges for the reasons of “unbundling” or “not separately chargeable.” Note that these accounts were billed to and received by [insert name of payer] electronically.

Contract Terms & Medicare Requirement for Annual Cost Report

Note that the contract with Name of Health System dated [insert date of contract] requires our hospital maintain participation with Medicare. That is a global requirement of our hospital stipulated by this provision in the contract. In order for our hospital to maintain participation in good stead with Medicare, we must file an annual Medicare hospital cost report and also follow general ledger accounting requirements of Medicare such that each annual cost report is accepted to be valid by Medicare. To do otherwise would result in losing participation with CMS. Requirements concerning cost reporting are in the *Provider Reimbursement Manual*, Part 1; particularly applicable are definitions found in Chapter 22.

Note that Name of Health System has a Notice of Program Reimbursement (NPR) from our Medicare Administrative Contractor [insert name] as of [insert date of cost reporting period for most recent NPR] and have filed cost reports following the same accounting and other principles up through [insert end of last fiscal year for which cost report was filed]. Our Medicare Administrative Contractor [insert name] has never determined our charge structure to be invalid; therefore, we consider our charge structure to meet the requirements of the *Provider Reimbursement Manual*.

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