

Insights to Coding and Data Quality

OIG recommends transfer policy for hospice providers

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According to a recent Office of Inspector General (OIG) report, issued May 28, 2013, from the Office of Audit Services, Medicare Part A (covering inpatient services in hospitals, hospice care, skilled nursing facilities, and some home health care services) could have saved over 600 million if it had applied and implemented a hospital transfer payment policy for early discharges from hospitals to hospice care in 2009 and 2010 calendar years (CY) combined.

Hospice care provides palliative care to terminally ill beneficiaries, counseling as well as emotional and practical support to the patient's family. The nursing care and supportive therapies could be part of the hospice care in inpatient hospitals, inpatient hospice facilities, nursing facilities, or beneficiaries' own homes.

The report further explains that due to the increase in number of available hospice care facilities as well as provider, patient, and family awareness of hospice care benefits, discharges from acute-care hospitals to hospice care increased about 66 percent between CY2007 and CY2010- from 161,661 to 269,117 discharges. At the same time, Medicare hospital reimbursement for services to beneficiaries discharged to hospice care increased 80 percent- from \$10.3 billion to \$13 billion.

OIG's random sample study of 100 cases from 158,623 nationwide claims from CYs 2009 and 2010, indicate that about 30 percent of all hospital discharges to hospice care were early discharges. Early discharge is defined (per Medicare's existing transfer payment policies) as a discharge occurring more than one day earlier than the geometric mean length of stay (GMLOS) for an applicable hospital Diagnosis-Related Group (DRG).

Currently, Centers for Medicare & Medicaid Services (CMS) (administering Medicare) pays hospitals a per diem rate for early discharges when beneficiaries are transferred to another prospective payment system (PPS) hospital for continued treatment or to post acute care (PAC) settings, including skilled nursing facilities, inpatient rehabilitation facilities, home health agencies, long-term care hospitals, and psychiatric hospitals. Medicare does not having an early discharge policy in place for patients transferred to hospice, therefore hospitals were paid the entire DRG rate.

Based on the study, the most common DRGs for early discharge to hospice care are listed below. Septicemia accounted for more than 10 percent of all the billed DRGs and nine other DRGs accounted for 30 percent of all DRGs for early discharges to hospice care.

OIG data analysis indicated these ten DRGs accounted for more than 40 percent of early discharges to hospice. OIG suggested that a reduced per-diem payment methodology would still exceed actual hospital costs in 73 percent of cases. If CMS adjusts its PAC policy for transfer to hospice including only the most common DRGs, CMS would still realize significant savings.

CMS had two concerns in response to this recommendation to include hospice in the hospital PAC transfer payment policy: 1) hospitals might be discouraged from making hospice transfers until eligible for the full DRG payment and 2) whether they had the legal authority to adopt such a policy.

MS-DRG	MS-DRG Description
871	Septicemia
177	Respiratory Infection & Inflammations
064	Intracranial Hemorrhage or Cerebral Infarction With MCC
065	Intracranial Hemorrhage or Cerebral Infarction With CC
280	Acute Myocardial Infarction
291	Heart Failure & Shock
682	Renal Failure
189	Pulmonary Edema & Respiratory Failure
193	Simple Pneumonia & Pleurisy
180	Respiratory Neoplasm

As a result, CMS stated that it would study in detail the OIG proposal, analyze how PAC transfer adjustments including hospice care could affect the Medicare spending for hospital care, and determine its authority for adopting the new transfer payment policy.

For more details as well as examples of reimbursement under this proposed policy, review the report at <http://oig.hhs.gov/oas/reports/region1/11200507.asp/>

References

“Medicare could Save Millions by Implementing a Hospital Transfer Payment Policy for Early Discharges to Hospice Care,” <https://oig.hhs.gov/oas/reports/region1/11200507.asp/> issued May 28, 2013.
 42 CFR § 412.4(a); 42 CFR § 412.4(c); 42 CFR § 412.4(f); *Hospice Facts & Statistics, November 2010*; *About hospice and palliative care. National Hospice and Palliative Care Organization*
<http://www.nhpco.org/i4a/pages/index.cfm?pageid=4648&openpage=464/>

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