

Medicare Hospitalization

Don't get caught holding the Bill

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Hospital Readmissions

- ◆ The Hospital Readmissions Reduction program, mandated by the Affordable Care Act, cuts reimbursement rates for facilities with readmission rates above the national average.
- ◆ Hospitals are penalized for readmissions within 30 days back into their institution (since 2012)
- ◆ Currently Heart Failure, Heart Attack and Pneumonia
- ◆ Added will be Hip and Knee replacements and COPD (FYE 2015)

Hospital Penalties

- ◆ Medicare has credited the penalty program for combatting a perverse financial incentive: hospitals earn more money if their patients' health deteriorates after they are discharged, because they can be paid for two stays instead of one.
- ◆ Penalties for each readmission above the average range from \$33,000 for each patient readmission after COPD treatment to \$285,000 for each readmission after hip or knee replacement.
- ◆ The hospital isn't just penalized for those re-admissions that exceed a pre-determined percentage. The hospitals entire Medicare reimbursement for that year is reduced by increasing percentages (1% in FY 2013, 2% FY 2014, and 3% FY 2015).

Outpatient Status

- ◆ Prior to the change above, there are times when a hospital may not be able to ADMIT someone to the hospital on an INPATIENT STATUS (because there's not sufficient medical necessity) but it may not be safe to send someone home either. Instead, the hospital will keep that person in the hospital and CODE them as being under OBSERVATION (historically for 48 hours / 2-days / two-midnights) with an OUTPATIENT STATUS.

Outpatient Status Extended

- ◆ To avoid these penalties hospitals are putting many more people on "OBSERVATION" which is OUTPATIENT STATUS for long periods of time and patients are not being CODED with INPATIENT STATUS. This distances the hospitals from the 30-day readmit financial penalty -- as they never coded the patient to INPATIENT STATUS!
- ◆ It shifts the risk and the financial burden to the Medicare PATIENT.

Patient Bears Financial Burden

- ◆ Patients who have spent beyond two days/two midnights in a hospital and who were never CODED with INPATIENT STATUS, will have their insurance claim to Medicare processed as Outpatient NOT Inpatient and the benefit paid for the hospital stay is MUCH less--putting the Medicare recipient at financial risk.
- ◆ And if patient goes for rehab after this Hospital stay---Medicare A room and board won't be covered because they went there with having never been ADMITTED to the Hospital as in INPATIENT where there must be a minimum of 3-day stay (the three-midnight rule). Still may be able to receive Part B therapy.

Not Admitted - No Coverage

- ◆ Some insurances, including Medicare, don't consider observation status as an admission, and therefore don't cover the cost as they would if the patient was hospitalized. That means the patient can be charged cash for their visit. The cash payment for an outpatient visit is far higher than reimbursement from insurance for an admitted patient's stay because, insurance companies negotiate far lower rates for the patients they pay for.
- ◆ Medicare patients who must be admitted to a nursing home are required to be fully hospitalized (3-day qualifying stay) prior to nursing home admission if they expect Medicare to pay for their nursing home stay. If a patient had been put on observation status instead of fully admitted, then *there will be no Part A nursing home reimbursement* - that can amount thousands or more and quickly deplete financial resources. If Medicare is to cover any nursing home costs, the patient must be formally admitted to the hospital for at least three midnights.

Impacts on Senior Living

- ◆ Outpatients on "Observation" should be advised that they may not qualify for Medicare reimbursement for their placement in a nursing home or rehabilitation center. Even after an extended period of hospitalization as an outpatient.
- ◆ Senior Living residents who are *medically stable* can come back to the assisted living community and get their doctor to write a script for in home therapy which is covered (Medicare B 80% / Supplemental private 20%) in our buildings.
- ◆ Home Health Therapy is normally limited to 4 weeks @ 2-3 times per week. For extensive needs SNF Medicare B services 5x per week for 6 months.
- ◆ It is far less expensive to bring in home health or nursing to meet medical needs.
- ◆ Research shows that response to therapy is more successful in a familiar home environment. Plus they are *already paying* there.
- ◆ Residents with shortness of breath, chest pain, pneumonia should be discharged back to the assisted living community *if possible* instead of a nursing home, assisted living or rehab center.

What To Tell Families

- ◆ Families need to inquire as to their loved one's *status* - inpatient or outpatient, as they may be much better served to return to the assisted living community to access home health or rehab at a fraction of the cost of a nursing home which they may need to pay for privately. Families should check daily and see **IN WRITING** that they are actually **ADMITTED** to the Hospital and that they have an **INPATIENT STATUS**.
- ◆ Patients who are discharged as outpatients will be responsible for their hospital bills personally, most of which are charged at the highest ER rate.

Medicare in Nursing Homes

- ◆ Nursing Homes are looking to admit people (after a three-day qualifying stay at the hospital) and hold them as a Medicare patient for 20 days until the coinsurance requirement kicks in (\$152 per day). This is why they won't release them back to their senior living community or their home until the 20 days are used up. (not ready yet for discharge? = <20 days). Families do not have to accept this.
- ◆ There is no limit to the number of benefit periods you can have. However, once a benefit period ends, you must have another 3-day qualifying hospital stay and meet the Medicare requirements before you can get up to another 100 days of SNF benefits. But if you are not an inpatient the hospital stay will not reset the benefit period, and the patient will be forced to pay privately.

Day & Respite Therapy

- ◆ Many senior patients are sent home after 2 day knee or hip surgery, often with an underlying condition.
- ◆ Home health alone will not be able to provide needed therapy.
- ◆ Daughter could drop Mom off on the way to work for Rehab therapy under part B at an assisted living community and pick her up on the way home.
- ◆ Senior Living communities with a strong ortho program could provide short stays for access to therapy services and have better outcomes. Such a program could become a feeder for permanent residents.

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