

## Outpatient Facility Coding Alert

### Outpatient Compliance/MOON update: MOON Launch: How To Handle the New Beneficiary Notice Like a Pro

#### Master required timelines, HIPAA Guidelines & More

It's official. The Medicare Outpatient Observation Notice (MOON) has launched. Shortly after publishing the final MOON form and instructions, CMS published CR 9935, which contains guidance on how hospital outpatient staff should handle MOON.

"All hospitals and CAHs are required to provide the MOON, per CMS guidance, beginning no later than March 8, 2017," says **Sarah L. Goodman, MBA, CHCAF, COC, CCP, FCS**, president of the consulting firm SLG, Inc., in Raleigh, N.C.

**Background:** MOON attempts to remedy what many Medicare beneficiaries and health policy experts say is a huge problem — benes being hit by surprise hospital bills because of reimbursement technicalities they don't fully comprehend during their hospital stays.

From the beneficiary's point of view, being admitted to the hospital as an outpatient and being admitted as an inpatient can feel very much the same. They are, they might reason, 'in the hospital.' But the out-of-pocket price tag for the beneficiary is dramatically different. For inpatients, Medicare Part A pays most of the bill for hospital stays of 60 days or fewer — minus a \$1,316 deductible for 2017.

Outpatients under observation care are billed to Part B, which can drive up the patient's out-of-pocket financial responsibility and leave them with big bills to pay. Patients who haven't signed up for Part B are left with the entire hospital bill. Patients who have signed up for Part B may need to pay for 20 percent of the hospital charges and for drugs they receive during observation care.

But the biggest surprise Medicare benes might face is being stuck with a huge SNF bill. Three days as an inpatient in a hospital triggers Medicare Part A paying for a subsequent SNF stay. But the time benes spend in outpatient observation care does not towards the SNF qualification period.

To prevent such nasty surprises, legislators passed the Federal Notice of Observation Treatment and Implication for Care Eligibility Act in August 2015, which requires that outpatients who receive at least 24 hours of hospital care receive a beneficiary notice — the new MOON.

Hospital personnel must use the MOON to explain — verbally and in writing — the following:

- The patient is an outpatient.
- Why the patient isn't an inpatient.
- What portions of the observation stay Medicare Part B doesn't cover.
- That their observation outpatient stay does not count toward the inpatient days required for Part A coverage of a subsequent SNF stay.
- That they may be on the hook for "self-administered drugs" they receive during the stay.

The patient or patient representative signs the MOON and it must be archived. The patient gets a paper copy to keep.

#### MOON Presents Challenges for Hospital Staff

**Duane C. Abbey, PhD**, president of Abbey and Abbey Consultants Inc., in Ames, IA, points out two sticking points for hospital staff to consider:

1. Who is actually going to present this form, explain the form, answer any questions and get the patient's signature?
2. How explicit must the statement be that 'you are not an inpatient because ...'

For some routine cases, where the provider just monitors a patient overnight for stability and discharges him the next morning, even a clerk might present the form, says Abbey.

However, there will be more complicated cases in which the patient, or more likely the patient's family, will disagree with the observation designation versus an inpatient admission. "This will certainly be true when there is any possibility of skilled nursing being required," says Abbey. Patients and their families who are expecting to receive coverage for skilled nursing post-discharge may not easily accept what the MOON spells out for them. Some may even be resentful.

In these cases your providers or utilization review would need to be ready with a very explicit, clinical statement, says Abbey. "The person presenting the form will need to be higher-level and quite knowledgeable about all aspects of clinical and payment issues," he stresses. "This would almost always need to be a senior person from utilization review or case management."

### **New Moon Insights from CR 9935**

Take a look at these FAQs to prepare yourself to handle MOON like a pro.

#### **What Timelines Does MOON Require?**

You do not need to distribute MOONs to all patients who come to your hospital outpatient department for observation care. CMS requires you to distribute MOONs only to outpatients who have been receiving observation services for more than 24 hours.

You must deliver the moon "no later than 36 hours after observation services begin," CR 9935 states.

**When does the clock start ticking?** The start time would be the time the observation services were initiated. The provider must document this time in the patient record, along with the physician's order.

#### **Can Our Hospital Customize the MOON?**

Yes, hospitals may include their logo and contact information at the top of the form, as long as the size and length of the introductory material does not push material that should be on the first page of the form to the second page.

The two-page MOON form can be two sides of one page to save paper, or one side each on to separate pages. However, the two pages "**must not** be condensed to one page," CR 9935 emphasizes.

#### **What if the patient rep is not on site at the hospital?**

Hand delivery is not necessary. You may mail it by certified mail, return receipt requested, says CR 9935. If your fax and email systems comply with HIPAA Privacy and Security requirements, you may fax or email the MOON to the patient representative.

**For more on MOON,** read "Brace Yourself for Final MOON Implementation," Outpatient Coding Alert, Vol. 5, No. 1.

#### **To read CR 9935, go to:**

<https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM9935.pdf>.

#### **Get the MOON form, along with instructions at**

<https://www.cms.gov/Medicare/Medicare-General-Information/BNI/index.html?redirect=/bni>.

**You may directly contact CMS for your queries at** [MoonMailbox@cms.hhs.gov](mailto:MoonMailbox@cms.hhs.gov).

