

Eli's Hospice Insider

Billing: Revamp Your Hospice Discharge Coding In July

Revise one discharge code and learn another.

Law- and policy-makers are determined to get to the bottom of why hospice live discharges are on the rise, and new billing changes will help them.

Old way: Hospices use occurrence code 42 on claims to indicate discharges due to both patient-initiated terminations and hospice-initiated discharges, the **Centers for Medicare & Medicaid Services** notes in Jan. 25 Transmittal No. 2391 (CR 7677). CMS told hospices in a July 2011 memo not to use occurrence code 42 when a patient moves out of the area or when discharged for cause, starting Jan. 1. But CMS did tell hospices to use it when discharging a patient for no longer being terminally ill.

New way: As of July 1, hospices must use code 42 only for patient-initiated terminations, CMS instructs in the transmittal. Hospices can also use new condition code 52, recently approved by the **National Uniform Billing Committee**, to indicate when a patient is discharged for moving out of the service area or entering a facility with which the hospice has to contract.

When the patient is no longer terminally ill, hospices will use no indicator, CMS explains in a new MLN Matters article (MM7677). Hospices must use Patient Status Code 50 or 51 to indicate a transfer to another hospice and condition code H2 to indicate a discharge for cause. (See chart, p. 21, for a summary of when to use which code.)

While switching discharge codes will be a change, "the instructions are very easy to follow," says reimbursement consultant **Melinda Gaboury** with **Healthcare Provider Solutions** in Nashville, Tenn. "The combinations that will cause a rejected claim will help [hospices] understand if they do it wrong."

But the change could come with some pitfalls, warns consultant **M. Aaron Little** with **BKD** in Springfield, Mo. There already has long been a problem with providers incorrectly using the 42 occurrence code, Little points out. Those errors are problematic because it's how the Medicare common working file is updated to show a patient is discharged from service.

Now that a new occurrence code is being added to report a different discharge situation, Little expects to see continued problems with providers incorrectly coding their claims.

Bonus: The good thing about the new discharge code rules is that they "will help hospices better track their reasons for discharge internally, as well," Gaboury says.

Expect A Crackdown On Hospice Discharges

CMS has two reasons for making the change. "Having this information would help in understanding different patterns of hospice care and their associated costs, which is necessary for future payment reform," the agency points out in the article.

"Additionally, there is concern about a possible program vulnerability when a patient is discharged from the hospice benefit, has an intervening hospital stay, and then is readmitted to the hospice benefit," CMS warns. "Knowing the reason for the discharge would help in focusing efforts to strengthen the integrity of the benefit, and in identifying differing care patterns that may be associated with more costly hospice care."

Hospices will need to be careful about reporting discharge codes accurately, Little cautions. "If providers do use the two codes incorrectly, that ... could result in unwanted scrutiny through medical review or other program integrity means, not

to mention claim rejections for technical errors," he tells **Eli**.

A patient moving to a facility you don't contract with won't always be a reason for discharge, CMS hopes. "Medicare's expectation is that the hospice provider would consider the amount of time the patient is in that facility before making a determination that discharging the patient from the hospice is appropriate," the agency says in the transmittal.

Hospices' rate of live discharges was a topic of conversation in recent Medicare **Payment Advisory Commission** meetings (see related story, p. 20). And CMS has been emphasizing how almost everything is related to the terminal diagnosis at end of life (see Eli's Hospice Insider, Vol. 4, No. 5).

Questions Remain About New Code

New condition code 52 will indicate a "discharge due to the patient's unavailability/inability to receive hospice services from the hospice which has been responsible for the patient," CMS explains in the transmittal. "In such a circumstance, the patient is considered to have moved out of the hospice's service area."

For example: Hospices could use the code "when a hospice patient moves to another part of the country or when a hospice patient leaves the area for a vacation. This code would also be appropriate when a hospice patient is receiving treatment for a condition unrelated to the terminal illness or related conditions in a facility with which the hospice does not have a contract, and thus is unable to provide hospice services to that patient," CMS says.

The **Hospice Association of America** is asking CMS whether hospices should use code 52 when a patient is admitted to a **Veterans Administration** facility, HAA affiliate the **National Association for Home Care & Hospice** says in its member newsletter. That's because "the hospice would be unable to provide services to the patient in that situation," NAHC notes.

Beware Returned Claims

If you fail to use the codes correctly at discharge, you'll get more than a slap on the wrist. You'll see payment delays.

For dates of service on or after July 1, CMS says in the MLN Matters article, Medicare will return hospice claims where:

- Both condition code 52 and condition code H2 are present;
- Condition code 52 is present and the patient status code is 30;
- Condition code H2 is present and the patient status code is 30;
- Condition code H2 is present with occurrence code 42; or
- Condition code 52 is present with occurrence code 42.

Do this: "Any time there are changes like these to claim coding requirements, it enhances the need for providers to review their billing processes to make sure claims are being billed correctly," Little advises.

Note: The transmittal is at www.cms.gov/transmittals/downloads/R2391CP.pdf and the MLN Matters article is at www.cms.gov/MLNMattersArticles/downloads/MM7677.pdf. Last July's transmittal addressing hospice discharge codes is at www.cms.gov/Transmittals/downloads/R2258CP.pdf.

