Eli's Hospice Insider

Diagnosis Coding: CMS Cracks Down On Hospice Diagnosis Coding

Will new guidance broaden what you're required to cover under the hospice benefit?

Hospices are going to have to get a whole lot more savvy about diagnosis coding or pay the price ⬜ perhaps literally.

"All providers should code and report the principal diagnosis as well as all coexisting and additional diagnoses related to the terminal condition or related conditions to more fully describe the Medicare patients they are treating," the **Centers for Medicare & Medicaid Services** says in its proposed rule for 2014 hospice payment rates.

"This will be a huge shift for both hospices and MACs," says coding expert **Annette Lee** with **Provider Insights** in Des Moines, Iowa.

CMS's own data underscores what a sea change it will be to code all coexisting diagnoses. A whopping 72 percent of hospices continue to report only one diagnosis code on hospice claims, CMS says in the payment rule published in the May 10 Federal Register. That's down only slightly from 77 percent before CMS published similar instructions on coding secondary diagnoses in last year's hospice wage index notice (see Eli's Hospice Insider, Vol. 5, No. 9).

There are many reasons hospices have been listing only the primary diagnosis, experts say. First, there is no hospice reimbursement directly attached to codes, unlike in the home health payment system, notes consultant **Lynda Laff** with **Laff Associates** in Hilton Head Island, S.C.

"Most hospices, with the possible exception of those associated with home health agencies, have not focused nearly enough on diagnosis coding," Laff says. "Although CMS discusses that hospices have been required to code appropriately, hospices have little or no experience with coding guidelines and conventions because they have not had any incentive to do that ⬜ no payment associated with diagnosis coding and no consequences for specific diagnoses."

Because hospices aren't familiar with coding, they also are afraid they'll get the diagnosis listing wrong, says **Terri Maxwell** with **Weatherbee Resources** in Hyannis, Mass. Assigning diagnosis codes often isn't intuitive, and nurses usually can't just sit down with an ICD-9 coding manual and figure it out for themselves.

Plus: Hospices have been confused about CMS's use of "comorbidity" to sometimes describe the other diagnoses they should list, Maxwell says. A comorbid diagnosis is unrelated to the primary diagnosis that's causing the terminal illness, so the comorbid diagnosis shouldn't be on the claim.

Simple operational reasons also have affected coding. Many hospice billing software programs accept only one diagnosis to put on the claim, Maxwell observes. CMS notes in the rule that the claim format will accept a maximum of 17 or 24 diagnoses for paper or electronic forms, respectively.

Get Ready To Shoulder Financial Burden

Finally, hospices have limited the number of diagnosis codes on claims because they don't want to get stuck with the bill for items and services not related to the terminal illness, experts agree.

"When a hospice adds additional diagnoses to the plan of care, they become responsible for the cost of all care ⬜ including medications ⬜ that is associated with those diagnoses," explains **Judy Adams** with **Adams Home Care Consulting** in Asheville, N.C. "In the past, listing only the primary terminal condition limited the costs that the hospice would be responsible for. While most hospices did manage and care for all symptoms that were related to the terminal diagnosis, they were not routinely paying for drugs and treatments associated with these additional diagnoses."

Big change: "The expansion of listing secondary or other medical conditions will place a major financial burden on the hospice," Adams predicts.

For years, CMS has been implying that hospices haven't been shouldering as much of the cost burden for their patients as they should. Two years ago, CMS's **Lori Anderson** told conference attendees that "a terminal diagnosis is not one ICD-9 code." At the end of life, "almost everything" is related to the terminal condition. "It's the exception and not the norm if it's not related," Anderson said (see Eli's Hospice Insider, Vol. 4, No. 5).

Anderson criticized cases where hospices were classifying anything not related to one ICD-9 code ⬜ the patient's primary diagnosis ⬜ as unrelated, and thus not subject to payment coverage by the hospice rate. The problem was most common among nursing home patients.

One hospice provider insisted that the policy was a departure from CMS's previous guidance. The policy is not a departure, Anderson maintained.

"It's completely cost prohibitive" to cover virtually all of a patients' services and items ⬜ especially drugs ⬜ under hospice Medicare payment, Maxwell protests.

CMS continues to insist that instructions to code all coexisting diagnoses is not a policy change. "HIPAA, federal regulations, and the Medicare hospice claims processing manual all require that ... ICD-9-CM Coding Guidelines be applied to the coding and reporting of diagnoses on hospice claims," CMS notes in the rule. The ICD-9 Coding Manual instructs providers to "code all documented conditions at the time of the encounter/ visit [that] require or affect patient care treatment or management.'"

Further: "With the specificity of both the ICD-9-CM coding guidelines and the ICD-10-CM coding guidelines, it is expected that complete, comprehensive coding will be applied to hospice claims submissions," CMS maintains. "Hospice providers are expected to report all coexisting or additional diagnoses related to the terminal illness and related conditions on the hospice claim to be in compliance with existing policy."

Hospice Conditions of Participation require it too, CMS argues. "Accurate coding of the principal hospice diagnosis and the other, additional, and/or coexisting diagnoses is in keeping with the comprehensive assessment and incorporated into the individualized hospice plan of care to aid hospices in identifying and meeting the hospice beneficiaries' needs," the rule says.

Note: A link to the proposed rule is in the "Spotlights" box at www.cms.gov/Center/Provider-Type/Hospice-Center.html.