Codify
BY AAPC

Eli's Hospice Insider

Diagnosis Coding: You Must List All Of Patients' Diagnoses On Claims Starting Next Month

New requirement includes unrelated diagnoses, final rule stresses.

Hospices are warily eyeing Medicare's new instructions for placing diagnosis codes on claims.

The **Centers for Medicare & Medicaid Services** is "clarifying that hospices will report all diagnoses identified in the initial and comprehensive assessments on hospice claims, whether related or unrelated to the terminal prognosis of the individual effective October 1, 2015," according to the 2016 final rule published in the Aug. 6 Federal Register. "This is in keeping with the requirements of determining whether an individual is terminally ill." These instructions are a change from what CMS previously told hospices, which was to code the terminal diagnoses only.

This requirement includes "the reporting of any mental health disorders and conditions that would affect the plan of care," CMS stresses in the rule.

"ICD-10-CM Coding Guidelines state that diagnoses should be reported that develop subsequently, coexist, or affect the treatment of the individual," CMS tells hospices in the rule. "Furthermore, having these diagnoses reported on claims falls under the authority of the Affordable Care Act for the collection of data to inform hospice payment reform."

Commenters on the proposed rule protested the undue burden associated with this "clarification." "The purpose of collecting this data, which is required in every other healthcare setting as per coding guidelines, is to have adequate data on hospice patient characteristics," CMS responds in the final rule. "This data will help to inform thoughtful, appropriate, and clinically relevant policy for future rulemaking."

Case mix ahead? "To consider any future refinements, such as a case mix system which utilizes diagnosis information as a few commenters suggested, it is imperative that detailed patient characteristics are available to determine whether a case mix payment system could be achieved," CMS continues.

Half Of Claims Still Had Only 1 Diagnosis In 2014

On one hand, "the 'clarification' that hospices must include all diagnoses on hospice claims is certainly something that has a lot of folks very nervous," says **Theresa Forster** with the **National Association for Home Care & Hospice.** Hospices can't afford to get stuck with the bill for patients' every condition and medication.

On the other hand, improved coding is not a new initiative. "Reporting all diagnoses on the claim form is an adjustment for some providers, but has been a work in progress for several years and will continue," notes **Judi Lund Person** with the **National Hospice & Palliative Care Organization**.

CMS points out in the rule that in 2010, more than 77 percent of hospice claims reported only one diagnosis. That dropped to 49 percent in 2014 □ but there's still a long way to go.

CMS conducted "analysis on instances where only one diagnosis was reported on the FY 2014 hospice claim and found that 50 percent of these beneficiaries had, on average, eight or more chronic conditions and 75 percent had, on average, five or more chronic conditions," CMS says. "These chronic, comorbid conditions include: hypertension, anemia, congestive heart failure, chronic obstructive pulmonary disease, ischemic heart disease, depression, diabetes and atrial fibrillation, to name a few."

In other words, those are the codes CMS is expecting to see on your claims, the rule strongly implies.

Coding changes: In FY 2013, "debility" and "adult failure to thrive" were the first- and sixth-most common hospice diagnoses, respectively, accounting for 14 percent of all diagnoses, CMS says in the rule. Effective Oct. 1, 2014, hospice claims that included "debility" and "adult failure to thrive" as the principal hospice diagnosis were returned. "As a result of this, there has been a shift in coding patterns on hospice claims," CMS says. "For FY 2014, the most common hospice principal diagnoses were Alzheimer's disease, Congestive Heart Failure, Lung Cancer, Chronic Airway Obstruction and Senile Dementia." They accounted for about 32 percent of all claims-reported principal diagnosis codes that year.

Financial Liability Impact On Hold For The Moment

For now, don't worry about indicating whether the diagnoses are related, CMS says in response to commenter questions. "Modifiers for the hospice claim form are not necessary at this time to identify related or unrelated conditions," according to the rule.

CMS's **Randy Throndset** reiterated the instruction in the Aug. 12 Open Door Forum for home health and hospice providers.

But you can expect scrutiny for that to come, observers predict. In the rule, CMS discusses at length Medicare spending outside the benefit for hospice patients both for Part A and B services, and drugs.

Note: A list of the top 20 most common hospice diagnoses in FY 2002, FY 2007, FY 2013, and FY 2014 is in Table 2 of the rule at www.gpo.gov/fdsys/pkg/FR-2015-08-06/pdf/2015-19033.pdf