

Eli's Hospice Insider

Referrals: OIG Wants Prorated Hospital Pay For Discharges To Hospice

Move could lengthen hospital stays unnecessarily, CMS counters.

Hospice lengths of stay may get even shorter for patients referred by hospitals if the **Centers for Medicare & Medicaid Services** listens to the **HHS Office of Inspector General**.

In a new report, the OIG recommends that CMS institute a proration of the hospital DRG payment when the hospital discharges a patient "early" to hospice. "Medicare could have saved \$602.5 million for calendar years 2009 and 2010 by applying a hospital transfer payment policy for early discharges to hospice care," the OIG estimates in the report.

Reminder: Hospitals already receive prorated DRG payments for some patients that transfer to home care under the post-acute care (PAC) transfer adjustment.

About 30 percent of all hospital discharges to hospice were early discharges that would have received per diem payments rather than full payments under a hospital transfer payment policy, the OIG says. "In addition, this transfer payment policy would not have caused a significant financial disadvantage for hospitals or disproportionately affected any hospital," the watchdog agency claims.

But CMS isn't so sure. "There is a tangible financial incentive for hospitals to initially admit hospice-bound beneficiaries as hospital inpatients," the agency allows in its response to the report. But "adopting a transfer policy to the hospice setting would produce lower than estimated savings by discouraging hospitals from making transfers to more appropriate and cost effective care settings."

Note: See the report at <http://oig.hhs.gov/oas/reports/region1/11200507.pdf>.