

Eli's Hospice Insider

Referrals: Watch Out: New Hospital Policy May Limit Your Referrals

Hospitals will get financially dinged for short stays in 280 DRGs.

If you haven't paid much attention to Medicare's proration policy for hospital patients who are discharged "early," now's the time to change that.

Why? For hospices, the Bipartisan Budget Act of 2018 required early hospital discharges to hospice to be paid at a per diem daily rate in lieu of the full diagnosis-related group (DRG) rate beginning Oct. 1. (See Eli's Hospice Insider, Vol. 11, No. 3). Accordingly, in the Hospital Inpatient Prospective Payment System 2019 final rule published in the Aug. 17 Federal Register, the **Centers for Medicare & Medicaid Services** expands Medicare's Postacute Care Transfer Policy to include discharges to hospice. It already included discharges to home health.

Price tag: CMS expects the change, effective for discharges Oct. 1 and after, to reduce hospital spending by \$240 million in fiscal year 2019, it says in the hospital rule.

Downside: "While this change does not directly impact payments made from Medicare to hospice providers, the hospice community has reasonable concern that it may delay (and potentially eliminate some) admissions to hospice care," warns the **National Association for Home Care & Hospice**. That because "hospitals will now have the financial incentive to retain some patients on service for longer lengths of time prior to discharge," the trade group says.

Another downside: CMS will apply the transfer proration policy to all 280 DRG groups, instead of starting out with just 10 like in home health.

Upside: "CMS is defining a hospital to hospice transfer as a direct to hospice transfer, which will limit the applicability to only those hospital discharges that occur on the same date as the patient begins hospice care (the effective date of hospice election)," NAHC says in its member newsletter.

Commenters on the hospital proposed rule cited numerous reasons the transfer policy shouldn't apply to hospice discharges. For example, one commenter "provided academic research demonstrating the numerous patient care benefits related to fast-track discharges from hospitals to hospices," the rule notes. Another "provided analysis to demonstrate that the proposed application of the postacute care transfer policy to hospice discharges could potentially negatively impact up to 25 percent of hospice admissions nationally, with some providers experiencing rates as high as 33 percent."

Despite the variety of arguments against the practice, CMS said it disagrees "that the postacute care transfer policy creates a perverse incentive to keep patients in the hospital longer than necessary. Our longstanding view is the policy addresses the appropriate level of payment once clinical decisions about the most appropriate care in the most appropriate setting have been made."

CMS points out that BBA 18 requires the **Medicare Payment Advisory Commission** to "conduct a detailed evaluation of the implementation and impacts of this provision. Specifically, such a report must address whether the timely access to hospice care has been affected through changes to hospital policies or behaviors." The report's "preliminary results" are due to Congress by March 21, 2020, according to the hospital final rule.