

MDS Alert

Medicare: Providers Can Find No Clear Reason for Reported Uptick in Hospital Observation Days

A new legislative provision could help reduce over-use of observation stays, says one expert.

Anecdotal reports of hospitals keeping Medicare beneficiaries for long observation stays that SNFs can easily mistake as a qualifying inpatient hospital stay continue to circulate. And SNF providers are at a loss to identify what might be driving the phenomenon.

"Usually, you can follow the money when you see a change in institutional patterns," says **Doug Beardsley**, VP of member services for Care Providers of Minnesota, who has dialed in to the last two SNF/LTC Open Door Forums alerting CMS to the reported trend. But so far, Beardsley can't see the financial motive.

"One theory we have is that between the RAC and the MAC audits, hospitals may fear more scrutiny of whether a stay should be inpatient." To quantify the trend, Care Providers has requested data from the state and its local FI. Most recently, the group asked its national affiliate, the American Health Care Association, to look into the issue. The American Hospital Association did not follow-up on a repeated request from Eli for input on the issue.

Bright spot: As of Oct. 1, "hospitals can't count their hospital observation days in relation to their disproportionate share or their indirect medical education payments," says **Betsy Anderson**, a VP at FR&R Healthcare Consulting in Deerfield, Ill. "It's a small change that could take away part of the incentive for hospitals to provide observation stays," she adds.