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Long-Term Care Hospital Notification Regarding Short-Stay Outlier Calculation Problem

Keywords

LTCH, Short-stay outlier, PPS, LTC-DRG, reserve days, benefit days, ALOS

Provider Types Affected

Long-Term Care Hospitals

Background

- Medicare provides 90 covered benefit days for an episode of care under the inpatient hospital benefit. In addition, each beneficiary has 60 lifetime reserve days.
- Lifetime reserve days may be used to cover additional non-covered days of an episode of care that exceeds 90 days.
- Reserve days can be used only once during a beneficiary's lifetime.
- The episode of care under the inpatient hospital benefit period ends when beneficiary has not received hospital or skilled nursing care for 60 days in a row.
- A beneficiary's remaining amount of benefit days and the length of a hospital stay can affect Long-Term Care Hospital (LTCH) payment, resulting in a short-stay outlier payment.
- A short-term outlier is an adjustment to the federal payment rate for LTCH stays that are considerably shorter than the Average Length of Stay (ALOS) for a Long-Term-Care-Diagnosis Related Group (LTC-DRG). Without this short-stay outlier adjustment, Medicare would pay inappropriately for cases where a beneficiary does not receive the full episode of care at the LTCH.

Key Points - Providers

- Medicare beneficiary Long-Term Care Hospital short-stay outlier utilization days have been miscalculated. The miscalculation has resulted in the Medicare remittance advice showing the beneficiary with higher coinsurance or non-covered days for a limited number of Medicare claims going back to July 2003.

Key Points - Providers, continued

- The claims processing system calculated the Medicare payment correctly. Actual payments to LTCHs, for impacted claims, are correct.
- By April 25, 2005, this system problem will be corrected at which time effected claims will be adjusted and remittance advices will be issued. This will result in LTCHs needing to review adjusted claims to determine whether they need to refund Medicare beneficiary overpayments for coinsurance or non-covered days. In addition, LTCHs will need to determine whether they need to refund overpayments made by supplemental payers.
- No action to refund overpayments should be made by the LTCH until it receives the remittance advice showing the adjustment.
- If beneficiaries have questions about coverage or coinsurance, refer them to www.medicare.gov or 1-800-MEDICARE.

Key Points - Beneficiaries

- Beneficiaries are affected if they:
    - exceeded their 90 covered days for an episode of care during a LTC-DRG short-stay outlier threshold;
    - exceeded their 90 covered days and 60 lifetime reserve days, if they choose to use these, during the LTC-DRG short-stay outlier threshold.
    - have coinsurance payment changes (61st day or 91st day of coverage) during a LTCH short-stay policy payment.
- An effected beneficiary may pay higher coinsurance and lose benefit days that are not renewable because the system has calculated that the beneficiary used more covered benefit days and/or lifetime reserve days than were actually used.
- If the beneficiary has no supplemental insurance plan or their supplemental insurance plan doesn't cover all the charges, the out-of-pocket cost for a beneficiary may be higher than it should be.

Important Links

http://www.cms.hhs.gov/providers/longterm