Medicare Learning Network
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Information for Medicare Fee-For-Service Health Care Professionals

MLN Matters Number: MM3279
Related Change Request (CR) #: 3279
Related CR Release Date: December 16, 2004 (Re-issued)
Effective Date: July 1, 2004
Related CR Transmittal #: 399
Implementation Date: January 3, 2005

Extension of Interrupted Stay Policy Under Long Term Care Hospital (LTCH) Prospective Payment System (PPS)

Note: This article was updated on May 9, 2013, to reflect current Web addresses. This article was previously revised on August 27, 2007 to add a reference CR5202. For Rate Year (RY) 2007, CR5202 (http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R981CP.pdf) discontinued the surgical-DRG exception to the three-day or less interruption of stay policy that was in effect for RYs 2005 and 2006. LTCHs are required to cover such treatment "under arrangements" as they do for all other medical care or services provided to inpatients during a three-day or less interruption of stay. The related MLN Matters article may be found at http://www.cms.gov/outreach-and-education/medicare-learning-network-mln/mlnmattersarticles/downloads/mm5202.pdf on the CMS website.

Provider Types Affected

Long Term Care Hospitals (LTCHs), Inpatient Rehabilitation Facilities (IRFs), Skilled Nursing Facilities (SNFs), and swing beds and acute care hospitals, both inpatient and outpatient bills

Provider Action Needed

STOP – Impact to You

Effective July 1, 2004, Medicare will pay only one long term care DRG if one of your patients is discharged from your LTCH and then readmitted within three days (regardless of the discharge venue). Note: The only exception to this policy is a discharge to an acute care hospital for surgical DRGs.

CAUTION – What You Need to Know

Effective July 1, 2004, in addition to the in-place LTCH prospective payment system (PPS) interrupted stay policy, there is a new three-day interrupted stay policy that pertains to your patients, regardless of their discharge venue *(see note above)*. This new policy requires that if a patient is readmitted to the LTCH within three days of discharge, Medicare will pay only one LTC DRG.

GO – What You Need to Do

Make sure that your billing staffs are aware of this new LTCH three-day interrupted stay policy.

Background

Medicare considers an "interrupted stay" to be part of the first LTCH admission (or, a single discharge from the LTCH). Further, Medicare will only make a single LTCH PPS payment for an interrupted patient stay.

For example, if the LTCH discharges the patient on July 1, 2004, and the patient is readmitted to the same LTCH on July 3, 2004, this is an interrupted stay and should be billed as one claim with an occurrence span code 74 from July 1, 2004, through July 2, 2004.

The occurrence span code 74 cannot be used for days where other services were performed in another facility, because these should be performed under arrangements. Please keep in mind that Medicare will reject as an interrupted stay LTCH bills where the patient returns to the same LTCH within 3 days of being discharged.

Reminder: The Occurrence Span Code 74 (located in field position 36 of the UB-92 or electronic equivalent) reflects the "span code from date" equal to the date of discharge from the LTCH and the "span code through" date equal to the last day the patient was not present at midnight.

Following is a short review of the general "interrupted stay" policy.

Interrupted Stay Policy Review

An interruption of stay is defined as an LTCH stay during which a Medicare inpatient is discharged to an acute care hospital, an IRF, or an SNF/swing bed for treatment or services that are not available in the LTCH and returns to the same LTCH within applicable fixed-day periods.

The day-counts of the applicable fixed-day period begin on the day of discharge from the LTCH (which is also the day of admission to the other site of care) and vary depending on the discharge venue. The applicable fixed-day period for discharge to an acute care hospital is 9 days, 27 days for discharge to an IRF, and 45 days for discharge to an SNF/swing bed.

Remember that if the patient is readmitted to the LTCH within the fixed-day threshold, the return to the LTCH is considered part of the first admission, and Medicare will make only a single LTCH PPS payment.

Thus, the original interrupted stay policy is as follows:

- When a patient is discharged to an acute care hospital and is readmitted to the same LTCH within 4-9 days (occurrence span code 74 shows 8 days or less);
- When a patient is discharged to an IRF and is readmitted to the same LTCH within 4-27 days ((occurrence span code 74 shows 26 days or less);
- When a patient is discharged to an SNF and is readmitted to the same LTCH within 4-45 days (occurrence span code 74 shows 44 days or less); and
- When a patient is discharged to a swing-bed and is readmitted to the same LTCH within 4-45 days (occurrence span code 74 shows 44 days or less).

Medicare will reject inpatient claims (non-surgical DRG acute care hospital, both IPPS and non-IPPS, IRF, SNF, and swing bed) for services during the three day interruption of the LTCH claim with dates of interruption on or after July 1, 2004.

Implementation

If a patient's stay qualifies as an interrupted stay, the LTCH should adjust the claim generated by the original LTCH stay and submit one claim for the entire stay (LTCH plus the other site of care) with an occurrence span code 74 demonstrating the interrupted stay days.

However, if the stay does not qualify as an interrupted stay (because the time at another facility before being readmitted to the LTCH exceeds the total fixed-day threshold), you can receive two separate payments.

To summarize, effective July 1, 2004, in addition to the original policies regarding interrupted stays, there is a special three-day interrupted stay policy that applies regardless of the patient's discharge venue. This policy requires that if a patient is readmitted to the LTCH within three days of the discharge, Medicare will pay only one LTC DRG.

Medicare will not pay separately for claims submitted by other providers (acute hospital, SNF/swing bed, IRF, or any outpatient bill) for the patient's care during this three-day interruption.

This policy will cover:

- Readmissions following an outpatient treatment;
- An inpatient stay at another provider; and
- A discharge and readmission with an intervening patient-stay at home.

Further, payment for any non-surgical test or procedure procured during the interruption at an outpatient setting or for treatment in an inpatient setting is the LTCH's responsibility and should be considered a service provided "under arrangements."

"Under arrangements" means that the LTCH will bill and be paid for those services performed in another setting and no separate payment will be made to another facility during the three days. The LTCH is responsible for paying the other providers.

There is an exception for surgical DRGs in an acute care hospital. Medicare will issue a separate payment to the acute hospital if the patient stay is grouped to a surgical DRG. A list of surgical DRGs, effective through September 30, 2004, is attached to the instruction issued to your Medicare contractor. That instruction, CR3279, can be found at http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R399CP.pdf on the CMS website.

Also, when the interruption exceeds three days, LTCH payment is determined under the original interrupted stay policy (now referred to as a "greater than three-day interruption of stay"), but the day count for purposes of determining the length of stay away from the LTCH begins on the day that the patient was discharged from the LTCH.

Providers should make every effort to bill their claims correctly now, so that their claims are not rejected or cancelled next January when the editing for this is in place.

Additional Information

You can find more information about the extension of the LTCH interrupted stay policy by reviewing the official instruction issued to your intermediary, which can be found at http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R399CP.pdf on the CMS website.

Or you can contact your intermediary at their toll-free number, which may be found at http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html on the CMS website.