Medicare Learning Network
MLN Matters®
CMS
Information for Medicare Fee-For-Service Health Care Professionals

News Flash - The revised publication titled Medicare Billing Information for Rural Providers, Suppliers, and Physicians (October 2008), which consists of charts that provide Medicare billing information for Rural Health Clinics, Federally Qualified Health Centers, Skilled Nursing Facilities, Home Health Agencies, Critical Access Hospitals, and Swing Beds, is now available in downloadable format from the Centers for Medicare & Medicaid Services Medicare Learning Network at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/RuralChart.pdf on the CMS website.

MLN Matters® Number: MM6057 Revised
Related Change Request (CR) #: 6057
Related CR Release Date: December 12, 2008
Effective Date: January 1, 2009
Related CR Transmittal #: R59DEMO
Implementation Date: January 12, 2009

Method of Payment for Extended Stay Services Under the Frontier Extended Stay Clinic (FESC) Demonstration, Authorized by Section 434 of the Medicare Modernization Act (MMA)

Note: This article was updated on August 9, 2012, to reflect current Web addresses. All other information remains the same.

Provider Types Affected

Specific Rural Health Clinics (RHC), Federally Qualified Health Centers (FQHC), or Tribally Owned clinics that are part of the FESC demonstration project and billing Medicare Fiscal Intermediaries (FIs) or Medicare Administrative Contractors (A/B MACs) for extended stay services rendered to Medicare beneficiaries in remote frontier areas.

Impact on Provider

This article is based on CR6057 and outlines the payment instructions and policy rules for the FESC demonstration project, which impacts a very limited number of providers as identified in this article.

Background

Section 434 of the MMA established the Frontier Extended Stay Clinic (FESC) Demonstration Project to test the feasibility of providing extended stay services to remote frontier areas under Medicare payment and regulations. A FESC must be located in a community which is:

1. At least 75 miles away from the nearest acute care hospital or critical access hospital; or
2. Is inaccessible by public road.

FESCs are designed to address the needs of seriously or critically ill or injured patients who, due to adverse weather conditions or other reasons, cannot be transferred to acute care hospitals, or patients who do not meet CMS inpatient hospital admission criteria and who need monitoring and observation for a limited period of time.

Under rules established for the demonstration, clinics participating under the FESC demonstration will be allowed to keep patients for extended stays in situations where weather or other circumstances prevent transfer. Extended stays up to 48 hours are permitted for patients who do not meet the CMS inpatient hospital admission criteria but who need monitoring and observation for a limited period of time. According to the rules, there can be no more than four patients under this criterion at any one time at any single facility and the FESC demonstration will last for three years.

The following six clinics/tribal facilities are eligible for the demonstration

Clinic	Town	Clinic Type
Inter-island Medical Center	Friday Harbor, WA	RHC
Powder River Medical Clinic	Broadus, MT	RHC
Cross Road Medical Center	Glenallen, AK	FQHC
Iliuliuk Family & Health Services	Unalaska, AK	FQHC
Alicia Roberts Medical Center	Prince of Wales Island, AK	Tribal Facility
Haines Health Center	Haines, AK	Tribal Facility

A listed clinic must receive certification from CMS before it can bill for services to the MAC. Certification signifies a clinic's adherence to the requirements for services, staffing, life safety codes and other factors.

Key Points

For each chosen clinic:

- The clinic will be paid for extended stays in four hour increments after an initial four hour stay. Subject to a screening for medical necessity, Medicare payment will only occur for stays that last at least four hours. For these stays that equal or exceed four hours, demonstration payment will also apply to the first four hours of the stay.
- The clinic may provide services to:
    - Patients with an emergency medical condition who require an extended stay due to weather or other conditions that preclude transport to an acute care hospital.
    - Ill or injured patients who receive an extended stay because a physician, nurse practitioner or physician assistant determines that they do not meet Medicare inpatient hospital admission criteria but do need monitoring and observation, and determines that they can be discharged within 48 hours.
- The code G9140 will indicate the length of stay for each Medicare patient from the point of time that he/she is seen by the clinic. This code will measure four hour units of time.
- The FI and/or A/B MAC will calculate Medicare payment specific to the demonstration from the G-code. Payment will be made through the same mechanism for RHC and FQHC payments, but the demonstration payment will be separable for accounting purposes.
- A claim that can be distinctly measured as greater than the four hour unit will be either rounded up or down to the closer four hour multiple, (i.e., a claim that reads 300 minutes should reflect one four hour unit; a claim of 420 minutes should reflect two, four hour units)
- The revenue codes are 516, 519, 0529 and 0510 and the applicable bill types are 13X, 71X, and 73X.
- The FI and/or AB MAC will conduct a medical necessity screening of each Medicare patient who equals or exceeds four hours from the time he/she is

originally seen by the clinic.

- The FI and/or AB MAC will make a Medicare payment under the demonstration if:
  - The patient's stay equals or exceeds four hours; and
  - There is no documentation of weather or transportation issues; and
  - The FI and/or A/B MAC determines under its medical review that the patient's condition has been evaluated by a physician, physician assistant, or nurse practitioner and is of sufficient risk to warrant continued observation in the clinic.
    OR
  - There is documentation of a transfer or weather or transportation conditions preventing transfer; and
  - The patient's stay equals or exceeds four hours.

- There is a four hour payment rate for each FESC selected for the demonstration. These rates are based on the 2007 Ambulatory Payment Classification for observation services, and they incorporate wage and cost-of-living adjustments. The four hour payment rates for the clinics for 2009 are:

Tribal Clinics	Alicia Roberts Medical Center (Prince of Wales Island, Alaska) Haines Health Center (Haines, Alaska)	$541.24 $541.24
Federally Qualified Health Centers	Cross Road Medical Center (Glenallen, Alaska) Iliuliuk Family and Health Services (Unalaska, Alaska)	$541.24 $541.24
Rural Health Clinics	Inter-island Medical Center (Friday Harbor, Washington) Powder River Medical Clinic (Broadus, Montana)	$479.74 $435.64

For subsequent years of the demonstration, these payment amounts will be updated by the market basket adjustment, which is applicable to the outpatient prospective payment system.

- The FI and/or MAC will use the following instructions to conduct the medical necessity screening to determine whether the patient meets these requirements:
    - All medical conditions will be eligible;
    - The patient's time from the point when he/she is seen by the clinic staff must be documented on the medical record;
    - A beneficiary's observation time must be documented on the medical record;
    - The beneficiary must be in the care of a physician, physician assistant, or nurse practitioner during the period of observation, as documented in the medical record by admission, discharge, and other appropriate progress notes that are timed, written, and signed by the physician, physician assistant, or nurse practitioner; and
    - The medical record must include documentation that the physician, physician assistant, or nurse practitioner explicitly assessed patient risk to determine that the beneficiary would benefit from observation care.
- For those claims designated for payment under the demonstration the FI and/or A/B MAC will make a demonstration payment specific to each provider. This payment will be the rate of payment per time unit multiplied by the number of time units (four hour units) in the stay.
- Except for Indian Health Service and tribally owned and operated clinics, the FI and/or AB/MAC will apply a 20 percent coinsurance on Medicare beneficiaries receiving the extended stay services (i.e., services in the clinic beyond the first four hours.)
- For Indian Health Service and tribally owned and operated clinics, there will be no coinsurance.
- There will be no deductible for extended stay services.
- The Centers for Medicare & Medicaid Services (CMS) will design a form that each participating clinic will use to document weather conditions or other circumstances that prevent a transfer will conduct additional retrospective reviews of two circumstances pertaining to patient stays:

1. CMS will verify the weather conditions for stays longer than 12 time units by retrospectively assessing documentation provided by clinics; and
2. The clinic should report to CMS at any time when there are more than four Medicare patients who are each in the clinic for more than four hours. If the

clinic reports there are more than four patients at one time, it must complete the form documenting weather or other conditions that prevent transfer. CMS will conduct audits of these records at least once every three months and determine whether the clinic is in compliance with the rule. Neither the FI nor the A/B MAC has responsibility for monitoring these records.

- The FI and/or A/B MAC will pay claims on an automated basis, and post-payment review will occur as is standard for RHCs and FQHCs.

Additional Information

To see the official instruction (CR6057) issued to your Medicare FI or A/B MAC visit http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R59DEMO.pdf on the CMS website.

If you have questions, please contact your Medicare FI or A/B MAC 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.

News Flash - It's seasonal flu time again! If you have Medicare patients who haven't yet received their flu shot, you can help them reduce their risk of contracting the seasonal flu and potential complications by recommending an annual influenza and a one-time pneumococcal vaccination. Medicare provides coverage of flu and pneumococcal vaccines and their administration. – And don't forget to immunize yourself and your staff. Protect yourself, your patients, and your family and friends. Get Your Flu Shot – Not the Flu. Remember - Influenza vaccine plus its administration are covered Part B benefits. Note that influenza vaccine is NOT a Part D covered drug. Health care professionals and their staff can learn more about Medicare's coverage of the influenza vaccine and other Medicare Part B covered vaccines and related provider education resources created by CMS, by reviewing Special Edition *MLN Matters* article SE0838, which is available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/SE0838.pdf on the CMS website.