DIAMOND Healthcare

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Are Your Inpatient Psychiatric Facility Claims with Outlier Payments Meeting Medicare's Medical Necessity or Documentation Requirements?

Introduction

On April 9, 2020, the OIG released results of a recently completed inpatient psychiatric facility (IPF) audit focused on claims that resulted in outlier payments for services provided in FYs 2014 and 2015. In the past, the OIG has completed audits focused on specific requirements of the IPF PPS and the production of this audit indicates that inpatient psychiatric facilities are and will continue to be a focus of review.

This OIG audit serves as a timely reminder to IPFs of the importance of accurate and complete documentation within the medical record. Knowing and implementing the essential elements of medical record documentation balances the positive financial outcomes for the facility while at the same time providing high quality of care to the patients at the level of care best suited to their individual needs.

Executive Summary

The OIG report revealed an estimated 87% of IPF claims with outlier payments did not meet Medicare's medical necessity or documentation requirements. A stratified random sample of 160 claims were reviewed to determine IPFs' compliance with Medicare coverage, payment and participation requirements.

From the sampled medical records, the following documentation lapses were noted:

- Missing physician certifications (which may impact conditions of payment),
- Clear documentation to support that the patient's right to make informed decisions regarding care was protected (which may impact conditions of participation),
- Medical necessity requirements for all or part of the stay as an inpatient leading to the assessment that the patients' conditions could have been treated at a lower level of intensity,
- Psychiatric evaluations not completed within 60 hours of admission,
- Missing or inadequate treatment plans,
- Missing or inadequate physician, nurse or social worker progress notes, and
- Inadequate discharge summary.

Additionally, based on OIG recommendations to CMS, the following efforts could potentially be on the horizon for IPFs:

- Requirements of specific language for physician certification and re-certification statements,
- Adding in-hospital fall rates to the IPFQR program with potential to require present-on-admission indicators on claims to aid in tracking in-hospital falls,
- Reassessment of payment policy for administrative necessary days that meet inpatient coverage requirements if the beneficiary has not met his or her discharge objectives, and
- Consideration of designing and testing alternatives to the current outlier payment methodology if outlier payments are not being made only for cases with unusually high costs.

Background

The impetus of this report can be traced back to the OIG's historical interest in outlier payments. As a result of past OIG audits on the topic of outlier payments, it was revealed that a hospital's high charges, unrelated to cost, lead to excessive inpatient outlier payments. Based on these reports, the 2017 OIG work plan included the initiation of audits to determine the extent of potential Medicare savings if hospital outpatient stays were ineligible for an outlier payment. Simultaneously, a new item for review was added on the 2017 OIG work plan, Inpatient Psychiatric Facility Outlier Payments, the reporting of which is the subject of this alert.

On a more granular level, the current audit covered 36,120 inpatient claims with nearly $1billion in total Medicare payments with a stratified random sample of 160 claims being reviewed as mentioned in the executive summary. Of the 160 claims, CMS paid 25 claims which did not meet Medicare medical necessity requirements for some or all days of the stay as an inpatient. The findings from the 25 claims lead to an estimation that Medicare overpaid IPFs nationally in FYs 2014 and 2015 to the tune of $93 million.

In addition to the 25 paid claims that did not meet Medicare medical necessity requirements, the following is breakdown of count of the missing or unsupportive documentation in the 160 random claims sample:

- 142 claims missing physician certifications,
- 99 claims missing or inadequate individualized treatment plans. Most notable, goals were not measurable, treatment modalities were not specified, and there was no evidence of the supervising physician having reviewed the plan,
- 53 claims had physician, nursing and social work notes that did not address progress relative to the treatment plan. In some cases, notes were illegible and nursing and psychosocial assessments were missing,
- 25 claims did not support the psychiatric evaluation was completed within 60 hours of admission,
- 23 claims did not address a recapitulation of the stay in the discharge summary and it was not completed or signed by the physician in time for it to be useful in the patient's follow up or aftercare, and
- 12 did not clearly support that the IPF had protected the patient's rights to make informed decisions regarding care.

Key Elements

It remains to be seen whether CMS implements some or all of the OIG recommendations. Regardless, it is advised that IPFs begin to take a rigorous look at their medical record documentation practices to include:

- Review of your medical record documents (such as psychiatric evaluations, nursing and psychosocial assessments, treatment plans/treatment reviews, progress and group notes and discharge summaries, patient right policies, physician certification and re-certifications) to ensure elements required for medical necessity, condition of participation and condition of payment are incorporated.
    - Of note, be careful of becoming reliant on the pre-printed physician certification statements. It is important to ensure documentation demonstrates the elements found in these statements.
- Develop new tools that cover the Medicare requirements for documentation within the medical record of the inpatient psychiatric patient. For some facilities, this may require work with your IT departments to insert or adapt documents.
- Education of staff regarding documentation compliance. Healthcare professionals often overlook honing their documentation skills. Doing so assists in meeting Medicare requirements, and ensures quality of care at the most appropriate level for each patient.
- Avoid cutting and pasting statements regarding longer lengths of stay as this could trigger the impression of custodial care since the patient condition and/or treatment remains the same or unchanged over an extended period.
- Conduct targeted prospective audits based upon the documentation elements noted in the OIG report.
- Build out of a multi-disciplinary team to do peer auditing of the commonly missing documentation elements and assessment of medical necessity based on the patient's level of care.

Additional Information

OIG report in brief of *"An Estimated 87 Percent of Inpatient Psychiatric Facility Claims With Outlier Payments Did Not Meet Medicare's Medical Necessity or Documentation Requirements"* https://oig.hhs.gov/oas/reports/region1/11600508RIB.pdf , OIG complete report of *"An Estimated 87 Percent of Inpatient Psychiatric Facility Claims With Outlier Payments Did Not Meet Medicare's Medical Necessity or Documentation Requirements"* https://oig.hhs.gov/oas/reports/region1/11600508.pdf, eCFR 42 CFR § 482.61 Condition of Participation: Special medical record requirements for psychiatric hospitals. https://gov.ecfr.io/cgi-bin/text-idx?SID=7ce24379696fe3033f99c63264768a08&mc=true&node=se42.5.482_161&rgn=div8, eCFR 42 CFR § 424.14 (a-e) https://gov.ecfr.io/cgi-bin/text-idx?SID=10ba3326416c480169d11e4ff5d654f7&mc=true&node=se42.3.424_114&rgn=div8, eCFR 42 CFR § 482.13 https://gov.ecfr.io/cgi-bin/text-idx?SID=a0c17bfbb9ff142c065e487905041c28&mc=true&node=se42.5.482_113&rgn=div8