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Welcome to Day 2!

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Dr Nand's hospital's claim to fame

Accused murderer walks out of hospital and now on the run WGN⁹
NEWS

Accused murderer walks out of hospital and now on the run



Mark Cherry

<http://wgntv.com/2014/05/06/accused-wounded-killer-missing-after-leaving-hospital/>

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Observation is a service, not a status

High patient satisfaction is not associated with high quality care; strive for patient engagement.

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Medicare ≠ Commercial Insurance

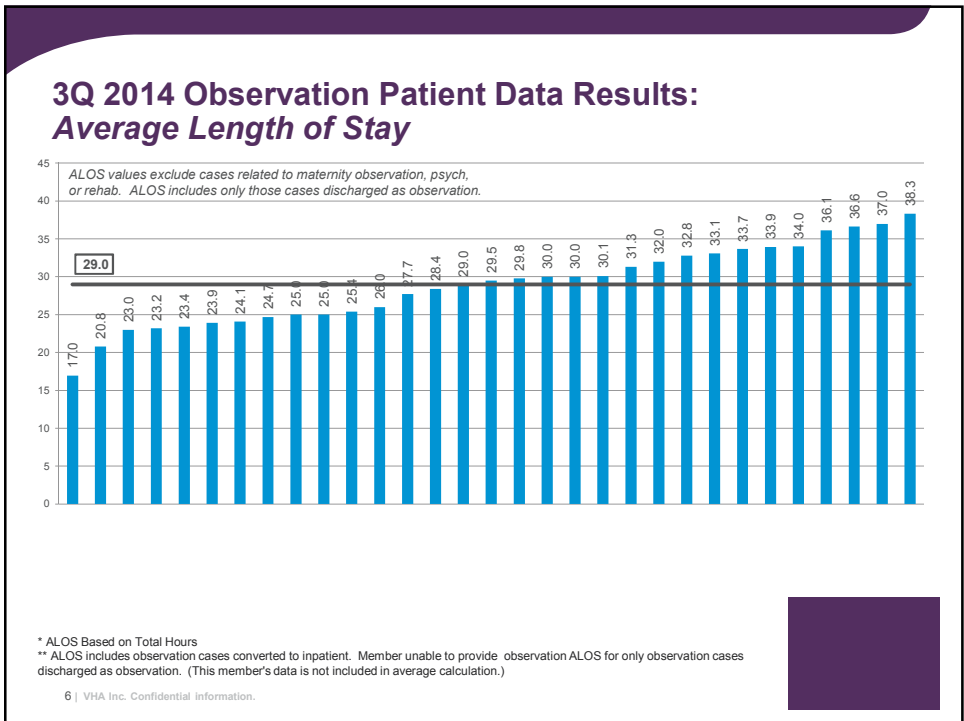
FFS Medicare rules are statutory

Commercial insurer rules are contractual

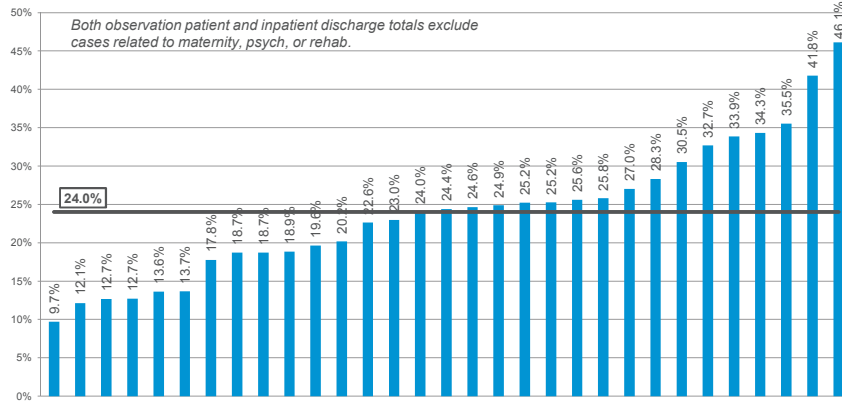
Don't confuse the two. Do the wrong thing with commercial plans and you don't get paid; do the wrong thing with Medicare and your CEO goes to prison

Doctors and NPPs want to take care of patients; provide them the resources to figure out the proper status and placement (CM in ED 24/7)

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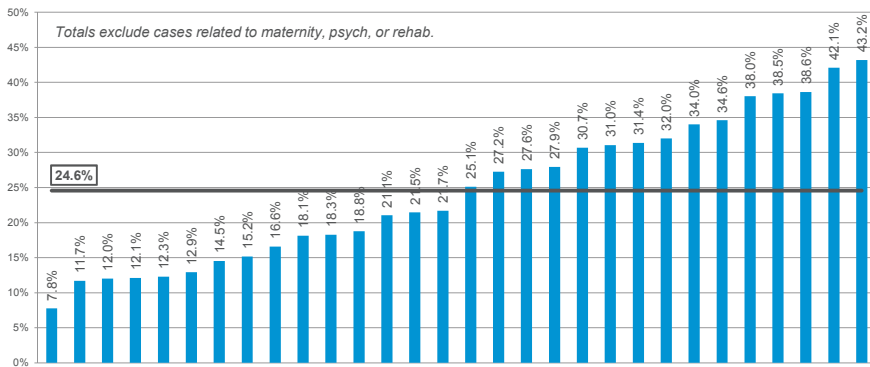


3Q 2014 Observation Patient Data Results: Observation Patients as a % of All Patients



7 | VHA Inc. Confidential information.

3Q 2014 Observation Patient Data Results: % of Observation Patients Converted to IP



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Why is there such a range? Only the top two are “real” Observation

- ED or direct “admit” patients who are expected to stay in the hospital under two midnights
- Post-procedure patients who need care past the normal recovery but under two midnights
- Post-procedure patients who need recovery after the recovery room time
- Late procedures who need recovery but recovery room closed
- Post-procedure patients who need to spend a night in the hospital
- Pre-procedure patients hospitalized the day prior for preparation or clearance
- Patients who are staying because they can’t get a ride home

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So what’s the right Observation rate?

When every patient is in the correct status at all times and observation is ordered when appropriate, your observation rate is right.

Don’t let your CFO give you a number.

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Inpatient v. Outpatient Heart Failure		
APC 8009 for visit		\$1,300 - \$2,000
DRG 293 "plain"		\$4-10,000
DRG 292 with CC		\$6-13,000
DRG 291 with MCC		\$8-18,000
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Observation costs patients a lot – WRONG!		
Medically necessary observation stays cannot exceed two midnights. That's "the law."		
The deductible for an observation stay is \$147 and the coinsurance is 20% of the approved payment.		
The 2015 inpatient deductible is \$1,260, even if they stay only one day. That resets 60 days after discharge.		
So to find break even point, $\$147 + (\$Y \times 20\%) > \$1,260$		
Y = \$5,565		
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That means that Observation is cheaper for patients as long as the approved charges during that one day stay do not exceed \$5,565.

The average Observation stay Medicare approved payment is \$1,741.

$\$1,741 \times 20\% \text{ copay} = \348 + \$147 deductible = \$495 pt due
 $\$1,260 - \$495 = \$765$

That means the patient would have to receive \$765 worth of self-administered medications in that one day observation stay in order for their financial obligation as an observation patient to exceed their obligation if admitted as inpatient.

Therefore, being placed observation is actually the much better financial option for the patient.

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Why get it Right?

Medicare Compliance Review of Northwestern Memorial Hospital for 2011 and 2012

For 22 of the 73 sampled claims, the Hospital incorrectly billed Medicare for observation hours resulting in incorrect outlier payments. Specifically, the Hospital included observation time for services that were part of another Part B service including postoperative monitoring or standard recovery care (10 errors), for time the patients remained in the hospital after treatment was finished (3 errors), or the medical record did not contain an order for the observation services (1 error). For the remaining 8 errors, the patient's condition did not warrant observation services. For 18 of these 22 errors, the Hospital also incorrectly billed Medicare for medications that were not supported in the medical records. Hospital officials stated that these errors primarily occurred because of inadequate procedures to correctly identify observation hours.

**\$3,723 from 22 errors extrapolated to \$87,393 in overpayments-
total overpayment \$6.4 million**

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