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Medicare's Payment Policy for Hospital Acquired Conditions.

 Post a Comment 

Kevin Kavanagh, of Health Watch USA, say(s):

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The authors' of the manuscript "Medicare's Payment Policy for Hospital-Acquired Conditions" need to be complimented on observing that this policy has not produced enough change in clinical practice and has caused facilities to focus more attention on billing practices. It was also documented that the financial impact of the policy was reported by several chief financial officers to be "minimal". The minimal impact is a result of the complexities of the DRG hospital billing system where hospitals are paid a flat fee for a single base diagnosis. Many, but not all, DRG codes allow for an increase in payment if another diagnosis is present. It is only for this increase in payment that Medicare's Non-Payment policy applies, and only if there is not another diagnosis that will allow this increase in payment to take place. All in all, very few penalties occur. As documented in the Aug 16, 2010 Federal Register, from Oct. 2008 to Sept. 2009 only \$18.8 million dollars were reported to have been saved nationwide by the adoption of this policy, a figure which on average equates to under \$4,000 per acute care facility (1).

However, this figure may underestimate the impact, since there may be underreporting on the part of facilities and in the case of hospitals using ICD-9 billing systems, the diagnostic code may not have been captured by CMS. CMS only captures the first 9 of 25 diagnostic codes submitted (2). This latter deficiency should be corrected on Jan 1, 2012 with the uniform adoption of the newer ICD-10 billing systems.




These are some of the hurdles which must be overcome before effective value purchasing and payment incentives based upon hospital acquired conditions can be implemented. Policies based upon readmissions for similar conditions and overall payment reductions for facilities with high rates of hospital acquired conditions may provide to be more effective financial incentives.

References:

(1) Department of Health and Human Services, Centers for Medicare & Medicaid Services. (2010B, Aug 16) Federal Register. 75 (157), 50096-50098.
http://www.healthwatchusa.org/downloads/20100816-FY2011_Final_IPPS_rule_HACs.pdf

(2) Department of Health and Human Services, Centers for Medicare & Medicaid Services. (2010A, May 4) Federal Register 75 (85), 23914.
http://www.healthwatchusa.org/downloads/20100504-CMS-ICD-9_Capture-23914.pdf

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