Accessing Acute Care through Medicare

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A Story:

Katie and Jack

Objectives

By the end of this presentation, you should…

- Understand the basic function of Medicare coverage.
- Understand the basic function and procedures for accessing acute care (hospital based) services.
- Know the difference between in-patient and observation status in hospital admissions, and the impact that each status has on the access and cost of care.
- Understand the process of transitioning out of acute care, the additional care options available to patients, and the impact of each option.
- Recognize the role of Patient Advocate in assisting individuals in navigating through our healthcare system.

Part 1:

Some Medicare Coverage Basics

Medicare Parts A and B

Part A: Hospital Care

- Covers **in-patient** care/services

Part B: Medical Care

- Covers **out-patient** care/services

Parts A and B are referred to as “**traditional**” or “**original**” Medicare

Cost Sharing

Beneficiaries are expected to share the cost of coverage through payments of:

- **Deductibles**
- **Co-payments**
- **Co-insurance**

Part A Cost Sharing (2022)

HOSPITAL (Acute Care Facility)

Patient's Deductible = $1,556

Patient's Co-Pay

Days 1 - 60 = **$0**

Days 61 - 90 = **$389 per day**

60 lifetime reserve days = **$778 per day**

Part A Cost Sharing (2022)

SNF (Skilled Nursing Facility)

Patient's Co-Pay

Days 1 - 20 = **$0**

Days 21 - 100 = **$194.50 per day**

Part B Cost Sharing (2022)

Patient Annual Deductible = $233

Patient Co-Insurance = 20%

Medicare Co-Insurance = 80%

As a Result:

A key characteristic of the Medicare system is utilization of

private insurance

to help with the costs that “Basic” Medicare does not cover

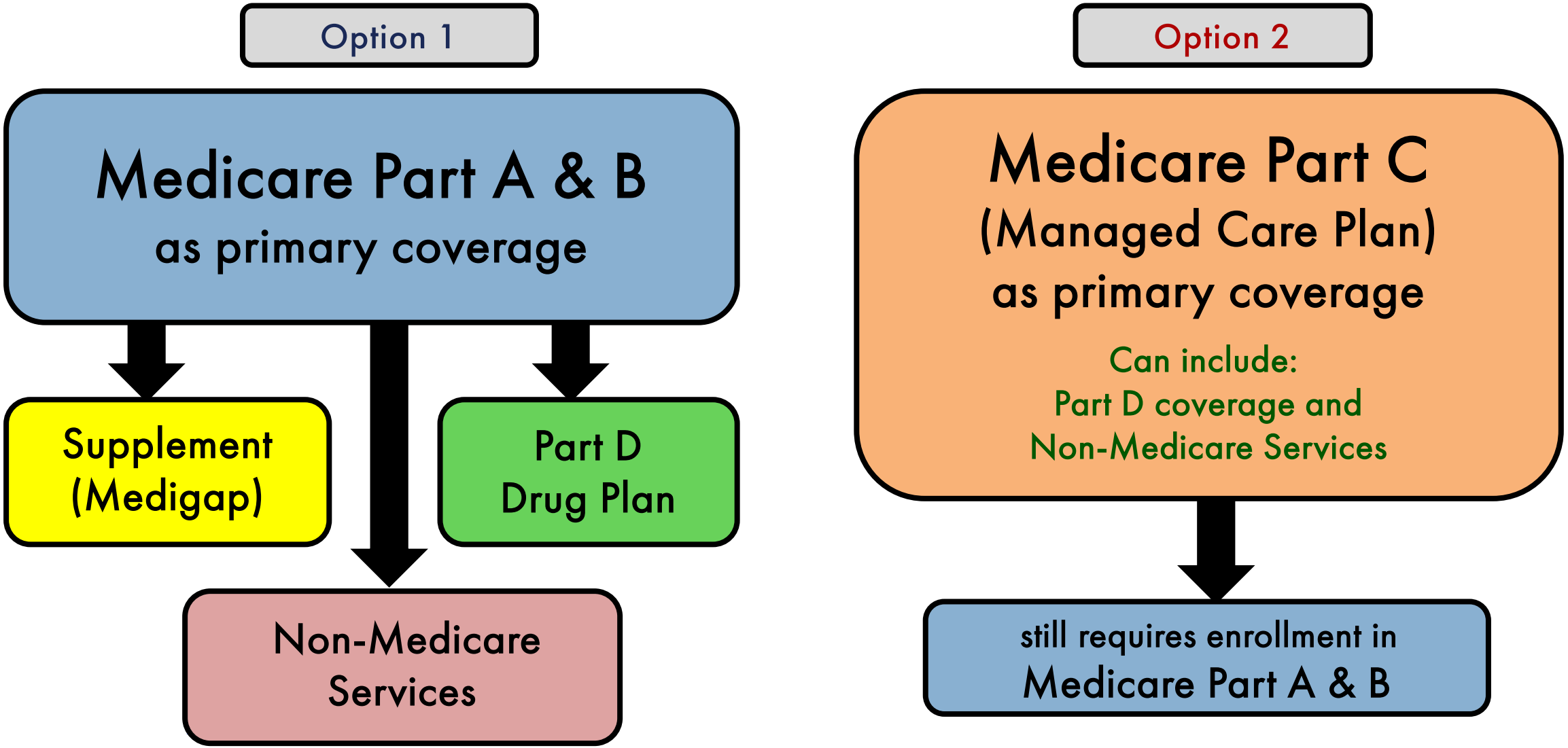
Private Insurance Parts of the Medicare System

Supplemental Insurance - Medigaps, Med-Sups
- Supplement to Medicare Parts A and B

Part C Advantage Plans - HMOs, PPOs
- Alternative Private Insurance Coverage

Part D Plans:
- Prescription Drug Coverage

Coverage Options Using Private Insurance Products



Part 2:

Your Hospital Stay
Entering an Acute Care Facility

A Trip to the Hospital

- Do I have all of my necessary info available?
- What's the Prognosis?
- What's covered by my insurance? -
- What's this going to cost?
- What's the Next Level of transition?

A Trip to the Hospital

- **Ambulance to the ER**
- **Clinical & Financial assessment starts immediately - at the point of entry into the ER**
- **If admitted:**
  - Admission Documents completed
  - Case Manager assigned - patient's point of contact with hospital administration
    - Primary Job is to transition patient out of the hospital as quickly/smoothly as possible
    - Liaison between patient and Hospital Utilization Review Committee

Part 3:

Are You In-patient or Observation?
What difference does it make? A LOT!

Observation Status

Definition: **Observation Status** is a patient status for short-term, in-hospital stays to monitor and diagnose patient, and determine whether patient should be admitted as *in-patient*

- Observation Status - ***typically*** for hospital stays less than 48 hrs (***but not always***)
- How do you know which status you are? **ASK** (a lot)

Observation Status Background

If CMS determines that person was incorrectly admitted to hospital as in-patient

Then the hospital receives ***no*** reimbursement at all for that patient's care

So

To avoid losing all reimbursement – hospitals are erring on the side of caution and going with **observation status** (overusing observation status)

Although Medicare pays more for in-patient stay, hospitals will accept smaller (but more guaranteed) reimbursement

Observation Status Background

Also…

- Hospitals are **penalized financially by Medicare** if patients are readmitted as in-patients within 30 days of last discharge date (as an in-patient)

- By categorizing patients as observation instead of in-patient, hospitals neatly **avoid Medicare's penalties** and stigma of having a high readmission rate

Are there any Guidelines?

The Two Midnight Rule (from CMS)

- Inpatient Status is appropriate when the patient requires a hospital stay that **extends beyond two midnights**

- ***But*** the Two Midnight Rule does not absolutely determine status
It only serves as a ***guideline*** and CMS has failed to aggressively apply these parameters in individual cases

Why is the status important to the Patient?

IF Medicare covered person is in hospital under **In-patient status**
THEN costs are covered under **Medicare Part A**

IF Medicare covered person is in hospital under **Observation status**
THEN costs are covered under **Medicare Part B**

Under Observation Status

- Each service received by patient during hospital stay is **separately billed** to patient AND subject to out-patient **cost sharing**
- Billing includes separate charges for all diagnostics, lab work, examinations injections, infusions, therapies
- Medications received during hospital stay are covered under Part D with a co-payment obligation / Some medications during hospital stay may not be covered at all by Part D and patient must pay full cost
- Observation Status does not count towards 3-day in-hospital requirement for Medicare to cover costs of Skilled Nursing Facility

Impact of Observation Status Depends on your Coverage

- **Medicare Parts A and B** as your primary coverage with **Medigap** as secondary: **Minimal or No Impact**

- **HMO or PPO** as your Medicare coverage: **Significant Impact**

The HMO or PPO plan *might* build in a mitigator, but don't count on it AND the mitigator will only soften the impact somewhat, not completely

Example: Part A & B primary, with a Medigap

In-Patient

$24,000 (hospital's total bill)

- Patient pays $1,556 (Part A deductible) - covered by Medigap
- Medicare pays the rest = $22,444

Observation

$15,470 (hospital's total bill - excluding meds)

- Patient pays **20%** = $3,094 (Part B co-insurance) - covered by Medigap
- Medicare pays **80%** = $12,376

$1,270 Oral Medications ($63 patient's co-pay)

Example: Medicare Advantage Plan (HMO or PPO)

In-Patient (UPMC HMO)

$275 Patient's co-pay

Observation (UPMC HMO)

$3,647 Patient's co-pays

(ER visit, Room and Board, Blood Work, Labs, X-rays, MRIs, PCP examinations, Neurologist examinations, Pain Management examinations, Orthopedic Physician examinations, PT & OT sessions, Oral Medications)

Who controls the definition of status?

- When an individual is admitted to hospital, **Physicians** make the initial call whether to admit as ***in-patient*** or ***observation status***
- However, a hospital **Case Manager** reviews the admission to determine (among other things) if the admission status is at risk
- If status is questioned, case goes before a **Hospital Utilization Review Committee** to determine whether the admission meets the hospital's in-patient criteria

As long as…

the change in status is made prior to discharge

and

the hospital has not already submitted a claim to Medicare

and

the hospital physician concurs with the committee's decision

and

the decision is documented in patient's medical record…

the entire stay is treated as an out-patient event

Notice of Observation Status

Patients in observation status for **more than 24 hrs** must receive (from hospital) oral & written notification of status **within 36 hours after start of care**

Medicare **O**utpatient **O**bservation **N**otice

The **MOON** Notice

The MOON Notice

- Explains individual's outpatient status and reasons why
- Explains impact of status on services provided to individual
  - Cost-sharing requirements - outpatient *vs* inpatient
  - Subsequent coverage eligibility for skilled nursing facility (SNF)
- Must be signed by patient or representative to acknowledge receipt

  If patient/rep refuses to sign, then signed by hospital staff present

Part 4:

Transitioning from Acute Care

Discharge Planning

- Where do I go next after Acute Care?
- What do I need?
- What are my options?

Where do I go next after Acute Care?

Skilled Nursing Facility (SNF)	SNF alternative	Home	If you can't return home	Hospice Care
•100-day limit	•Rehab Hospital •Long Term Acute Care (LTAC) Hospital	•Out-patient services •Home healthcare services •Personal care services	•Personal care facility •Long term care facility	•Specific qualifications

Where do I go next - after Acute Care?

Accessing Levels of Care

- Clinical criteria
- Financial criteria
- Personal preference

Part 5:

The Patient Advocate

The Patient Advocate

- Representing the patient's interests
  - **Not** the healthcare provider's interest
  - **Not** the insurance provider's interest
- Educate, Counsel, and Advocate on patient's behalf
- Assist patient in navigating through the healthcare system
  - Acquisition and Utilization of Insurance
  - Admissions/Discharge
  - Billing Disputes
  - Denial of Services
- Realistic clinical and financial expectations