Medicaid Administrative Days: Small Reimbursements, Important Results

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Overview

- Conference theme: ***Thriving in the Midst of All the Change***
- Experience/background at Harborview with unanticipated change and approaches to handling the change
- Increased Length of Stay for Medicaid patients
- What are Administrative Days?
- Value in billing Admin Days?
- Lessons learned
- Continuing issues

Background

- Harborview Medical Center
  - Level 1 Trauma Center in Seattle
  - Serves Washington, Alaska, Idaho, Montana and Wyoming
  - King County Hospital (operated by the University of Washington) with a mission to serve the County's poor and underserved
  - Not licensed as a skilled nursing facility
  - Medicaid/Managed Medicaid = large portion of payer mix

Medicaid in Washington

- Fee-for-Service program administered by the Washington State Health Care Authority (HCA)
- Since 2012, most Medicaid patients are covered under *Managed Medicaid*
- HCA contracts out administration of Medicaid to private Managed Care Organizations (MCOs)
- MCOs paid a per member, per month premium by the HCA
- Responsible for payment of all benefits covered under FFS program
- Currently 5 MCOs in Washington (Amerigroup, CHPW, Coordinated Care, Molina, United Healthcare)

Move to Managed Medicaid

- Until 2012, Medicaid in Washington was (almost) exclusively a Fee-for-Service program run by the HCA
- Hospitals and providers would bill the HCA for Medicaid services; HCA would pay claims
- Move to Managed Medicaid in 2012 shifted claims processing and reimbursement to MCOs
- Also shifted burden of global management of care and arrangement of sufficient network of providers
- Medicaid expansion significantly increased number of covered lives in 2014

Post-Acute Care Medicaid Benefit

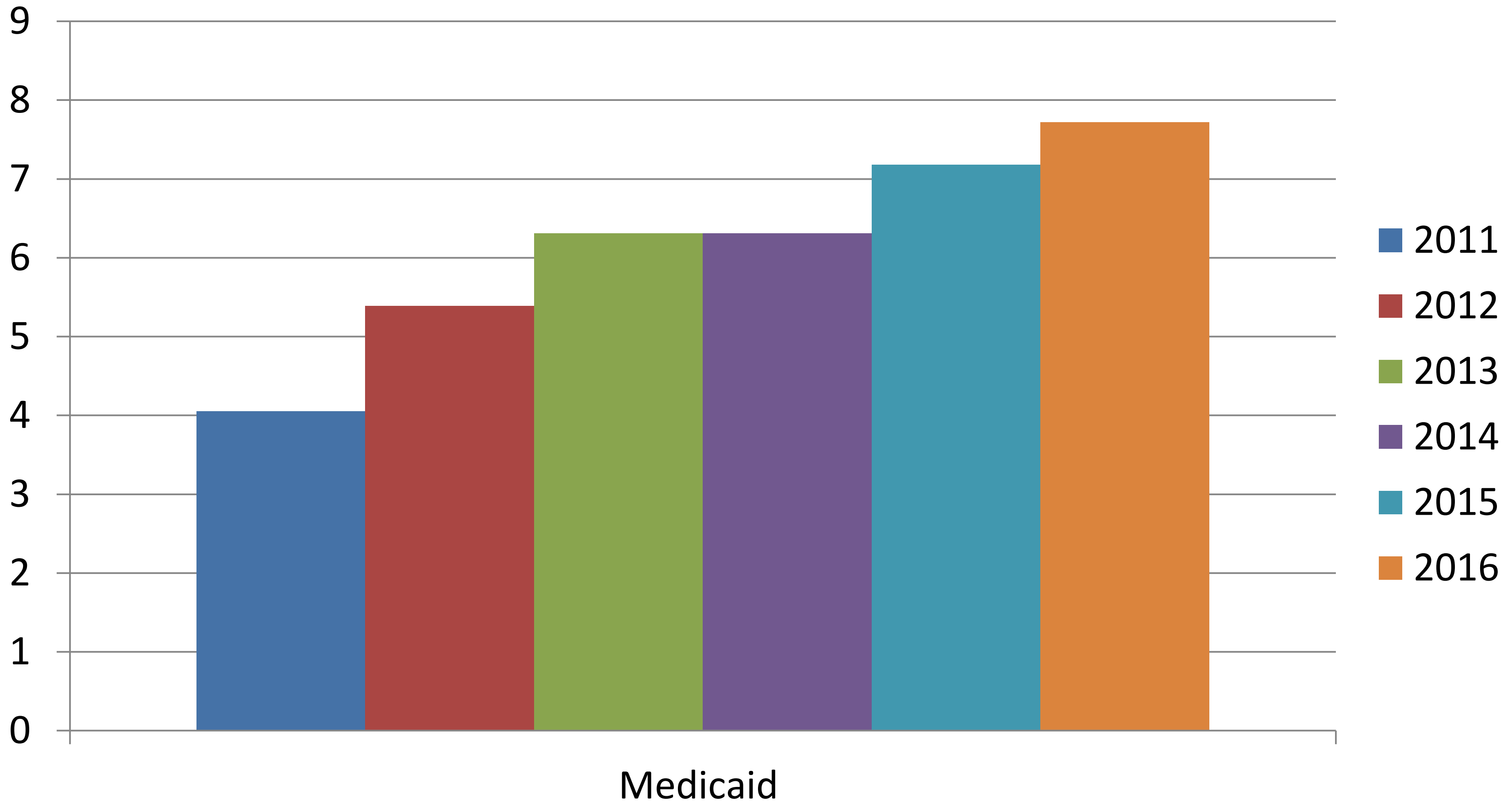
- Post-acute care services are covered under the Medicaid benefit as medically necessary
- Includes Skilled-Nursing, Long Term Acute Care, Rehabilitation and Home Health
- (Does not include Adult Family Home)
- Responsibility for assembly of network of covered post-acute providers falls upon MCOs
- Process of placing patients into (accepting) post-acute care is carried out jointly by hospital and MCO staff

Difficulties Followed

- Years following move to Managed Medicaid and Medicaid Expansion…
- In 2013, HMC staff began to notice a marked increase in patient “variance days” compared to prior years
- HMC social work staff began reporting greater difficulty in process of discharging patients from the hospital into post-acute care
- Post-acute care providers less willing to accept Medicaid patients (even where contracted to do so)
- Issue intensified as Medicaid expanded

Increased Average Length of Stay

(Measured in Days)



Costs

- **Bed day cost** HMC: **Minimum** of $1000/day
- 7000 Unnecessary Days in FY 2016 = $7M in cost
- **Lost volume**: Less able to admit patients when beds are taken up by patients no longer in need of care
- **Average length of stay** for Medicaid patients doubled (from approximately 4 days to approximately 8 days) between 2011 and 2016
- **Bed scarcity** – concern regarding HMC's capacity as a Level 1 Trauma Center to receive trauma patients or respond to major emergencies/crises

How/why was this happening?

- Searched for causes and solutions
  - Why were lengths of stay increasing?
  - Had it become more difficult to discharge patients?
- Reviewed internal processes (Our fault? Result of change in HMC practices? Communication issues?)
- Discussions with HCA
- Discussions with MCOs and SNFs
- Official letters to HCA and MCOs
- Led to identification of key issues/potential causes of discharge difficulties and/or increased lengths of stay …

Complex Patients

- Identified a "new" category of patient, more likely to face delays in discharge to post-acute care (or no discharge from hospital at all)
- Poor (and under-funded)
- Behavioral Health Issues
- Substance abuse/history of substance abuse
- Tobacco use/history of tobacco use
- Psychosocial issues
- Legal History
- Size (bariatric needs)
- Needs identified as too complex or intense (costly and/or risky) to take on by post-acute care providers
- Post-acute providers unwilling to take on Complex Patients at the rates offered by MCOs/HCA

Patient logjam and Fallout

- HMC began to experience a large (and increasing) number of unnecessary (and uncompensated) patient bed days
- Patients' inpatient treatment concluded, ready for discharge but no accepting discharge placement
- Inpatient treatment covered by DRG payment but the continued, unnecessary admission uncompensated
- No post-acute transfer options
- No safe discharge
- No control over situation
- Misplaced incentives: cheaper for MCOs to leave patient in hospital than to pay for a SNF or LTAC bed
- Search for solutions led us to Medicaid Administrative Days …

Administrative Days

- "One or more days of a hospital stay in which an acute inpatient or observation level of care is not medically necessary, and a lower level of care is appropriate." WAC 182-550-1050.
- Administrative Day Rate: "The agency's statewide Medicaid average daily nursing facility rate." WAC 182-550-1050.
- Approximately $200.00/day

Admin Days – Path to Billing

- Identified appropriate code: 0169 (later changed to 0191)
- Developed internal billing criteria based upon clear wording of WAC
- Billed applicable number of days along with charges for inpatient services
- Started billing for inpatient **med-surg** patients in May of 2014

Payer Response to Bills

- Admin Day claims denied (also denied associated Inpatient charges)
- MCO claims payment systems did not recognize Admin Days and had no process for reimbursement; claims denied
- MCOs denied responsibility for coverage
- HCA staff largely unaware of Administrative Day benefit
- No HCA guidance (written or otherwise) on issue
- Complete lack of clarity on issue from May of 2014 to October of 2015

May 2014 to October 2015

- During this time, HMC made repeated efforts to convince MCOs that Administrative Days are a Medicaid benefit and must be reimbursed
- Likewise applied pressure for MCOs to offer more assistance in discharge/placement of Complex Medicaid patients into post-acute care
- No official acknowledgement by HCA of requirement to reimburse for Admin Days, though requirement was acknowledged verbally
- HCA initiated rulemaking on the issue of Administrative Days in the fall of 2014 but later withdrew the rulemaking without action
- October 1, 2015 – HCA issued guidance acknowledging Administrative Days as a Medicaid benefit and setting out a process for billing (and paying) claims for Admin Days

Post-October 1, 2015

- HCA guidance generally adopted by MCOs and Harborview/UW Medicine billing
- Administrative Days billed via “split-billing”: acute/inpatient charged billed on one bill, Administrative Days billed on a separate bill
- HCA clarified that Revenue Code 0191 should be used for Administrative Days
- Some MCOs continued to deny responsibility for Admin Day benefit for charges before October 1, 2015 (all now acknowledge responsibility)
- Some MCOs still reprocessing claims back to 2014
- In 2016, Admin Day claims *typically* paid correctly

Value in Administrative Days

- Small dollar reimbursement (approx. $200/day)
- Reimbursement for unnecessary inpatient days (small but better than nothing); offset some of the cost of continued patient stay
- 2016 estimate: $1.4M in reimbursement = [(7000 Admin Days) x ($200)]
- Creates an economic incentive for MCOs to provide greater assistance in/dedicate more resources to finding post-acute placement for their Medicaid members
- Billing of 0191 code creates an ongoing tally of unnecessary bed days, measureable by the HCA, CMS and legislature

Lessons Learned

- HCA Administrative Day Policy set out a clear path for reimbursement of the Admin Day benefit –if followed, hospitals should receive reimbursement
- Communicate with MCOs – let them know you're about to start billing Admin Days; monitor payments and denials closely
- Further action required by HCA to properly align incentives
- Hospitals must monitor contract requirements and enforce contract terms where necessary
- Good to have the law on your side
- Maintain awareness of legal and regulatory landscape; participate in the process

Need for Further Reform

- Administrative Day rate should be set at a higher amount to properly align incentives for MCOs
- HCA should enact measures to incentivize post-acute care providers to accept placement of complex Medicaid patients
- WSHA is involved in gathering information on this issue and working with the HCA and other stakeholders on solutions
- Breakdowns in process to discharge complex patients to post-acute care should be acknowledged and specifically addressed by HCA in contracts, reimbursements, rules, and enforcement
- Hospitals should bill Administrative Days (to help offset losses and add to tally of 0191 bills)

Questions?

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