

Healthcare Market Resources Analyzes the Impact of Medical Review Mandate on Hospices

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Healthcare Market Resources, a leading provider of custom market data for hospices and home health agencies, examined hospice claims data from 2008 in the wake of the Patient Protection and Affordable Care Act to determine the number of hospices that would be subjected to focused medical review.

The healthcare reform legislation proposes to mandate Medicare to place all hospices that had more than a certain percentage of their discharges with a length of stay of 180 days or more under medical review.

Long stay patients are defined as those whose days on service equal or exceed prognosis period. That means their period of hospice service exceeds the 6-month terminal prognosis originally anticipated by the hospice benefit.

“This focused medical review on all claims submitted by the hospice for these patients could put the facility on a ‘fiscal respirator’ while the lengthy, document- heavy review process takes place,” explained Richard Chesney, Healthcare Market Resources CEO.

While recent discussion places the metric at 40% of all discharges, Healthcare Market Resources’ analysis examined the impact this legislation would have on hospices if the level of long stay patients triggered medical review procedures when it was set at 25%, 30% or 35% instead of the proposed 40%. The number of hospices affected by the legislation at different proposed medical review “trigger points” can be found at:

<http://www.healthmr.com/hospicemedicalreviewmandate>.

“Our data suggests that the number of hospices at risk of medical review quadruples when the prescribed percentage drops from 40% to 25%,” comments Chesney, adding that “The higher up the tail you grab, the greater the impact.”

A summary review of the data also reveals that the greatest impact would be felt by hospices in a few states. For instance, Alabama, Oklahoma and Mississippi represent 55% of affected hospices if the “medical review trigger level” were set at 40% or 35%. Yet, should the Secretary of Health and Human Services determine that the metric should alternatively be set at 25%, only 32% of the hospices impacted would come from these states.

The dynamics of any discussion on this proposed healthcare reform mandate also change when you consider that Medicare is in the process of awarding contracts to four claims contractors to conduct medical reviews nationwide.

“While the medical review services of aberrant providers were clearly within the scope of these arrangements, this particular project was not likely factored into their bids,” Chesney cautioned. “The scope of this review could pull resources away from other areas.”

With a certain number of hours allocated for medical review activities overall, what happens when an onslaught of mandated hospice claims reviews forces claims personnel to be pulled from medical reviews of other healthcare disciplines, such as hospitals?

Meanwhile, in the interim, some hospices subjected to these medical reviews will likely suffocate when claims payments stall, cutting off a chunk of their cash flow during this documentation review periods. Since most of these organizations are smaller, they are unlikely to have the reserves or borrowing capacity to survive during the stoppage.