



## **\$1,000,000 Revenue Tip of the Month**

### **Focus**

### **Discharge Dispositions and Transfer DRGs**

### **Topic Overview**

#### ***History:***

CMS developed transfer DRGs and its “post-acute care transfer policy” because it felt hospitals were paid twice for patients transferred to other levels of care. Transfers include nursing homes, home health agencies, and rehab hospitals. According to Table 5 (*tentative*) of the CMS Final Rule on *Changes to the IPPS*, there are now 190 transfer DRGs. For example, if a patient with one of the Transfer DRGs is transferred to a rehab hospital, the hospital will not receive the full DRG payment for that patient. CMS has initiated a “one-way” edit on their side that identifies all overpayments due to incorrect discharge dispositions. However, CMS does not identify underpayments due to incorrect discharge dispositions. If a patient assigned a transfer DRG is discharged home, but an incorrect disposition of “transferred to home health” is placed on the account, the hospital will not receive full reimbursement. It is the responsibility of the hospital to ensure the correct discharge disposition is included on all accounts, even if the disposition changes post discharge. Hospitals should keep in mind that 10-15% of patients discharged to Home Health don’t ultimately qualify for these services. Hospitals should follow up on these patients and if home health is not provided, the correct discharge disposition should be billed in order to receive full reimbursement. Medicare will catch and correct all overpayments to hospitals, however it is up to the hospitals to identify and correct underpayments.

#### ***Impact on Hospitals:***

CMS imposes pro-ration rules for all accounts that are assigned one of the 182 transfer DRGs. CMS identifies and adjusts all overpayments made to hospitals due to incorrect discharge dispositions. As we know, CMS does not identify and correct underpayments. Therefore it is the responsibility of the hospital to assign correct discharge disposition codes in order to receive full payment on all inpatient accounts.

### **Areas of Focus**

- Inpatient Medicare Accounts.
- Accounts assigned a transfer DRG

### **Case Study**

St. Joseph Regional Health Center (SJRHC) in Bryan, Texas has been very successful at ensuring the accuracy of discharge dispositions in their facility. Elmorine Jones, RHIT, is an Inpatient Government Analyst in the RMD at SJRHC. Due to CMS recouping approximately \$2 million in reimbursement from SJRHC because of incorrect discharge dispositions in 2003, it was Elmorine’s job to examine and improve the process of assigning discharge dispositions.

Elmorine first conducted a retro-review of approximately 200 accounts and determined 20% of the dispositions to be incorrect. Elmorine’s first step in correcting the problem was the review of the discharge disposition dictionary in the hospital’s Meditech system. During this review, she discovered discharge dispositions mapped incorrectly to CMS’ current disposition codes and deleted codes. When reviewing the process of choosing a disposition from the dictionary, Elmorine found that the dictionary itself was too large. The large dictionary was difficult to navigate, causing the staff to choose incorrect dispositions. Elmorine’s process improvement plan included the following steps:

1. Clean-up discharge disposition dictionary and scale down to reasonable size.
2. Create "Disposition Guideline Sheet" with descriptions of each discharge disposition. Include on the guideline sheet a listing of local Nursing Homes, Hospitals, Home Health Agencies and other facilities commonly transferred to and assure mapping to the appropriate discharge disposition.
3. Educate all staff involved in assignment of discharge disposition including, Coders, Case Managers, Social Workers, Nursing Staff, Unit Secretaries.

Elmorine succeeded with her process improvement plan and was able to bring the percentage of incorrect discharge dispositions down from 20% to below 6% (please see graph below). She was also able to retain \$1,433,010 in reimbursement for the first two years of her project. Monitoring discharge dispositions is an ongoing project for Elmorine. She continues to review accounts and continues to educate staff on a regular basis.

**Process Steps**

1. Run an ad-hoc report.

**Ad-hoc Report Criteria:**

Dates of service Previous 6 - 12 months  
 Visit Type Inpatient  
 Payer Medicare  
 DRG = Transfer DRGs

**Ad-hoc Display:**

Account Number  
 Patient Name  
 Admit Date  
 Discharge Date  
 Discharge Disposition  
 Discharge Location  
 Total Charges  
 DRG  
 Total Reimbursement

2. If a 100% review is unreasonable, randomly select a sample of accounts. Be sure to include accounts from a variety of the Transfer DRGs.
3. For each account determine the following (see example spreadsheet below):
  - a. Was the correct discharge disposition billed based on the documentation in the chart?
  - b. If not, what would the reimbursement have been if billed correctly?
  - c. Determine the difference between the two.

Acct #	Billed D/C Disposition	Appropriate D/C Dispo.	Actual Reimb.	Correct Reimb.	Reimb Impact
<b>D1245648</b>	Home	SNF	\$1,200	\$1,500	<b>(\$300)</b>
D2145614	Home Health	Home	\$4,200	\$3,200	\$1,000
<b>D47454719</b>	Rehab	Rehab	\$1,500	\$1,500	\$0
<b><u>Total Impact Reimb</u></b>					<b>\$700</b>

4. Sort data by the following and identify trends:
  - a. DRG
  - b. Original Discharge Disposition
  - c. Corrected Discharge Disposition
  - d. Discharge Location

5. Results can be quantified by the following:

- a. Impact on Reimbursement:
  - i. Total
  - ii. By DRG
  - iii. By Correct Discharge Disposition
  - iv. By Discharge Location
- b. % of incorrectly assigned discharge dispositions

6. Based on results determine possible process improvement initiatives. Some suggested PI Initiatives to consider:

- a. Review Discharge Disposition Dictionary in Hospital Information Systems.
- b. Create Disposition Guidelines sheet for distribution throughout the hospital.
- c. Educate all staff involved in assigning discharge dispositions.

### **Departmental Areas of Focus**

#### **Possible Departments to Include**

- Case Management
- Social Work
- Health Information Management
- Nursing Services
- Unit Secretaries

### **Financial Impact**

The economic impact will vary by facility size; number and types of transfers, and methods for discharge disposition and follow up.

### **Application to Other Facilities**

This is a great example of how facilities can double check processes on both a concurrent and retrospective review basis to assure correct payment of DRG's to the hospital. Monitoring discharge dispositions is an ongoing process to assure revenues to the hospital for patients that ultimately did not accept or qualify for expected transfers of care.

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