Denial Impact: Inpatient vs Outpatient Level of Care

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Major Reasons for Denial

• No Authorization or Notification
  – Notification of the I-Plan occurred past the contractual timeframe
  – Authorization was not initiated by the treating physician prior to admission – elective cases
  – Authorization for level of care is not approved by I-Plan
  – Claim was billed with a different procedure code than had been authorized

• Timely Filing
  – Claim was billed past the contractual timeframe

• Medical Necessity
  – Services not medically necessary
  – Level of care: inpatient versus outpatient
Level of Care: Admission Status Determination

• What do you mean by admission status?
  – Inpatient – services can only be safely provided in an acute care setting
    • Medicare’s 2 Midnight Rule
  – Outpatient – services can be provided as an outpatient
  – Outpatient Observation – an unstable or “rule out” condition in which the patient is being evaluated for inpatient vs. outpatient care

• How is this determination made?
  – Always by a physician at the time services are provided, and supported by medical record documentation
  – Level of care guidelines for the non-medical reviewer – used by case managers to assist physicians with level of care determination
    • McKesson’s InterQual Guidelines
    • Milliman Care Guidelines (MCG)
    • Hybrids and Payor specific guidelines

• How does the I-Plan factor into this?
  – Utilization Review
  – I-Plan medical director level of care determination – approval or denial

• What if there is discrepancy in the level of care determination?
  – Peer to peer review of care is allowed
    • Contractual timelines
    • Can be difficult to operationalize
Inpatient Denials:
Inpatient versus Outpatient Level of Care

- 2014: 47%
- 2015: 66%
- 2016 YTD: 82%
Inpatient LOC Denials by Length of Stay

- 1 day: 36%
- 2 days: 25%
- 3 days: 15%
- 4 days: 7%
- 5 days: 6%
- 6 days: 3%

Years: 2014, 2015, 2016 YTD