

# Length of Stay Analysis

HSCRC

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Healthcare Financial Management Association



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healthcare financial management association

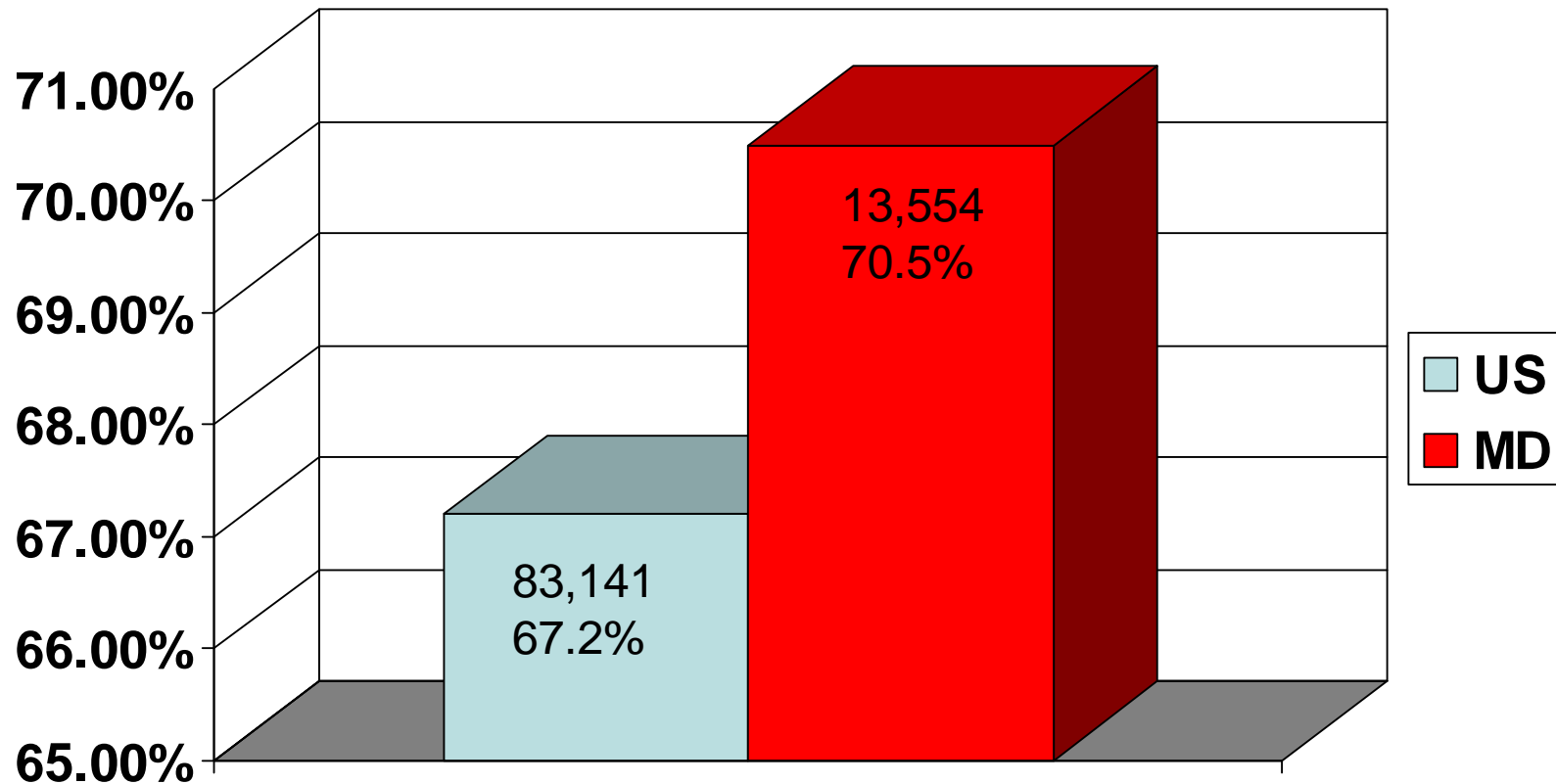
# One Day Length of Stay Analysis FY 07

- National Data (FFY) vs. Maryland Data (SFY)
- Top 20 Medical & Surgical DRGs
- Length of Stay of 0 or 1 day
- Caveats
  - Count excludes deaths, transfers & leaves against medical advice



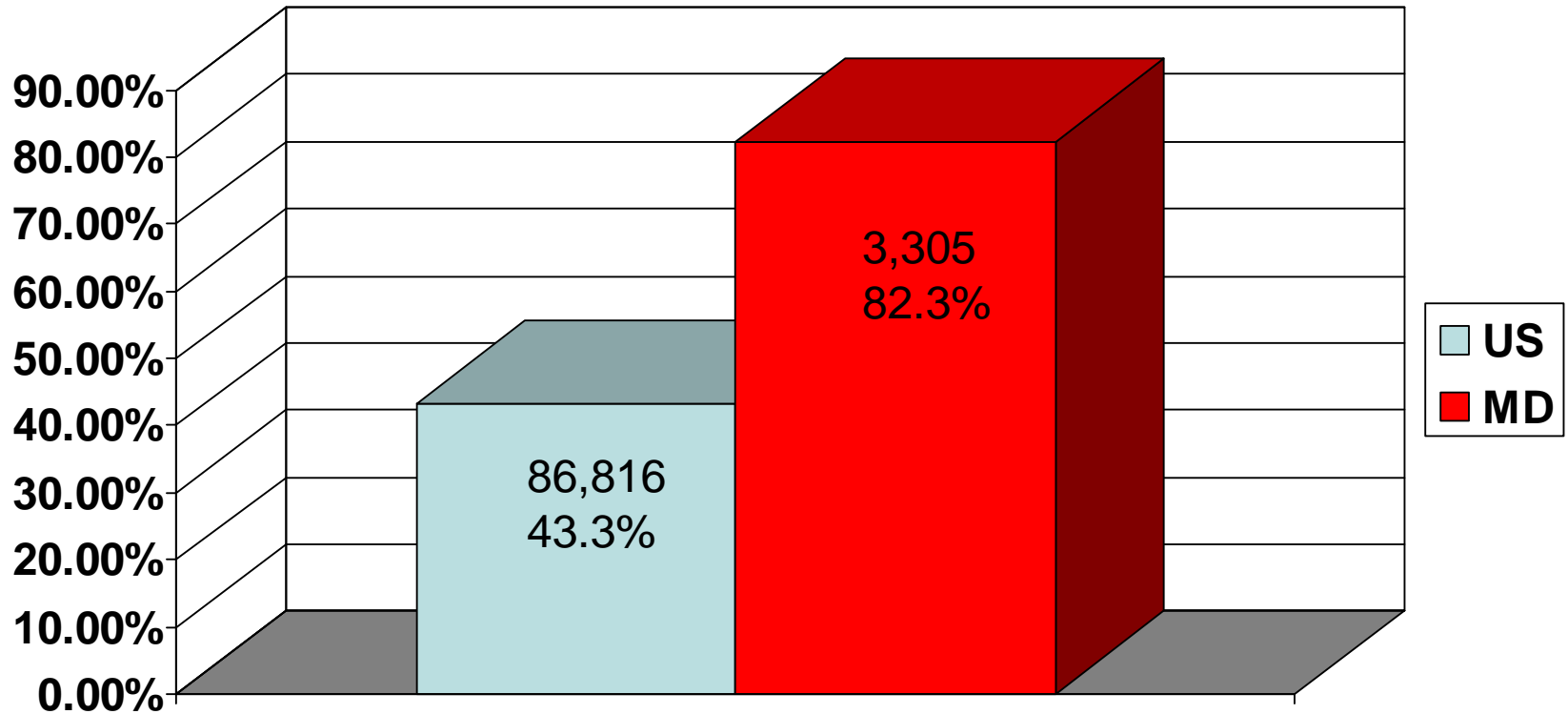
# Chest Pain – DRG 143

FY 07



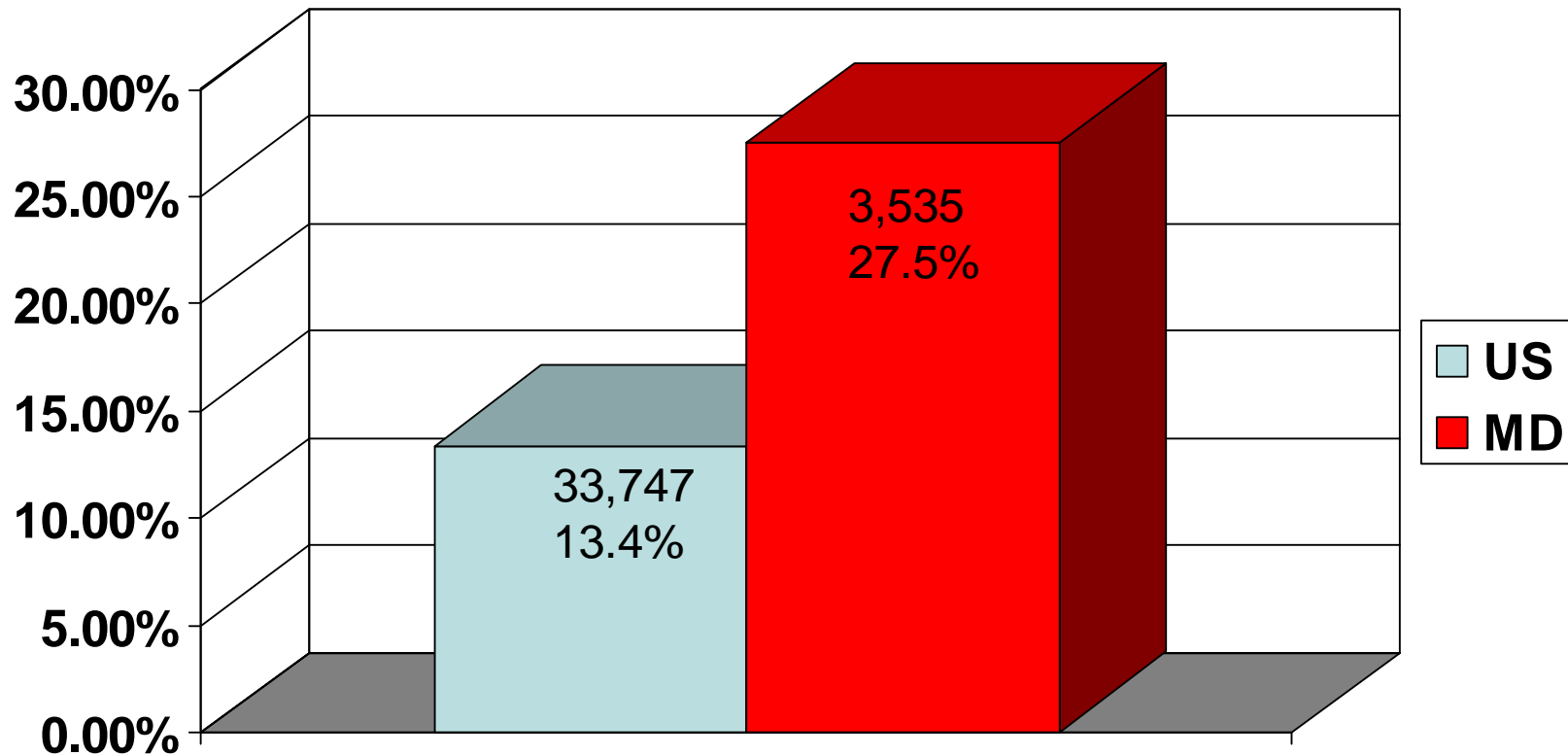
Source: US data from Hospital Payment Monitoring Project & MD data from Health Services Cost Review Commission

# Percutaneous CVD Proc w/o Stent – DRG 558 FY 07



Source: US data from Hospital Payment Monitoring Project & MD data from Health Services Cost Review Commission

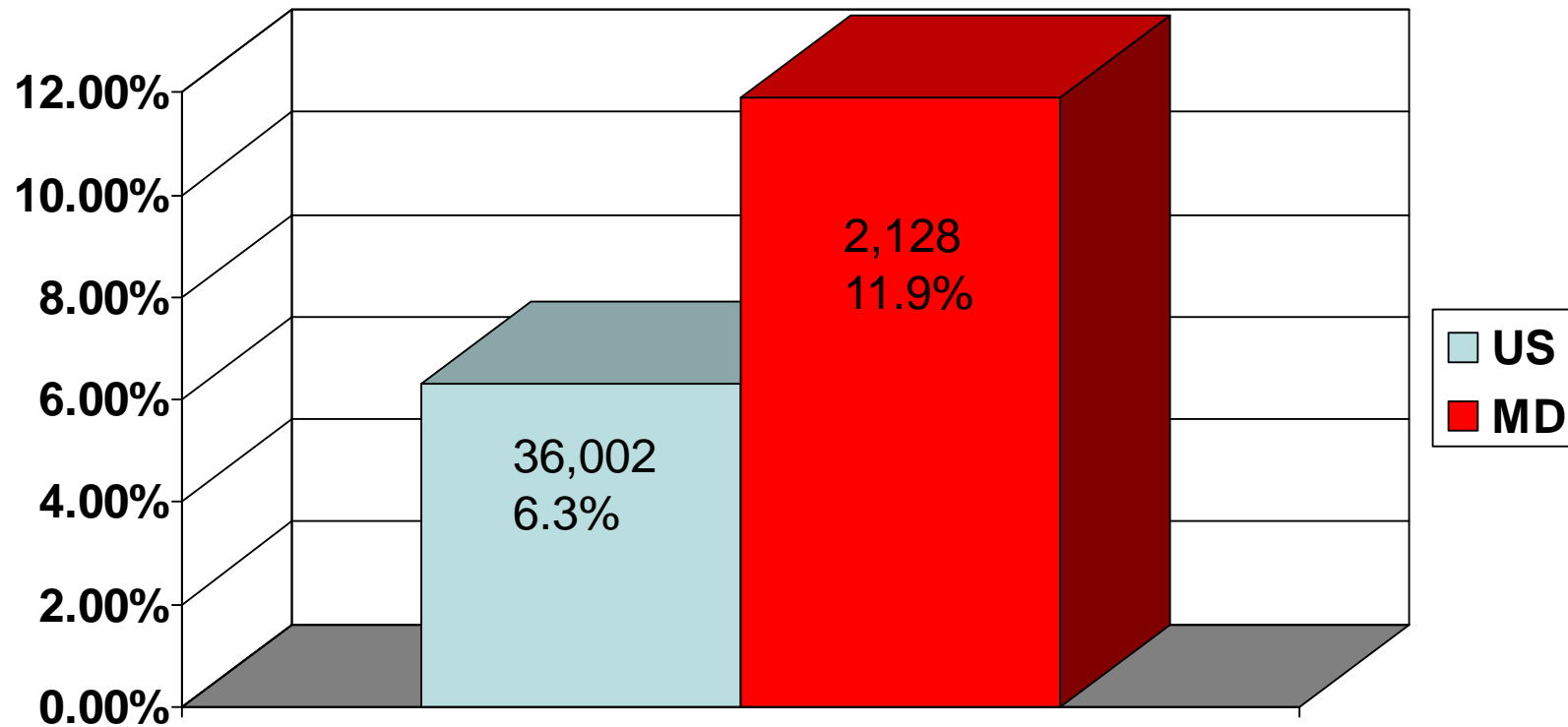
# Esophagitis, gastroenteritis DRG 182 FY 07



Source: US data from Hospital Payment Monitoring Project & MD data from Health Services Cost Review Commission

# Heart Failure & Shock – DRG 127

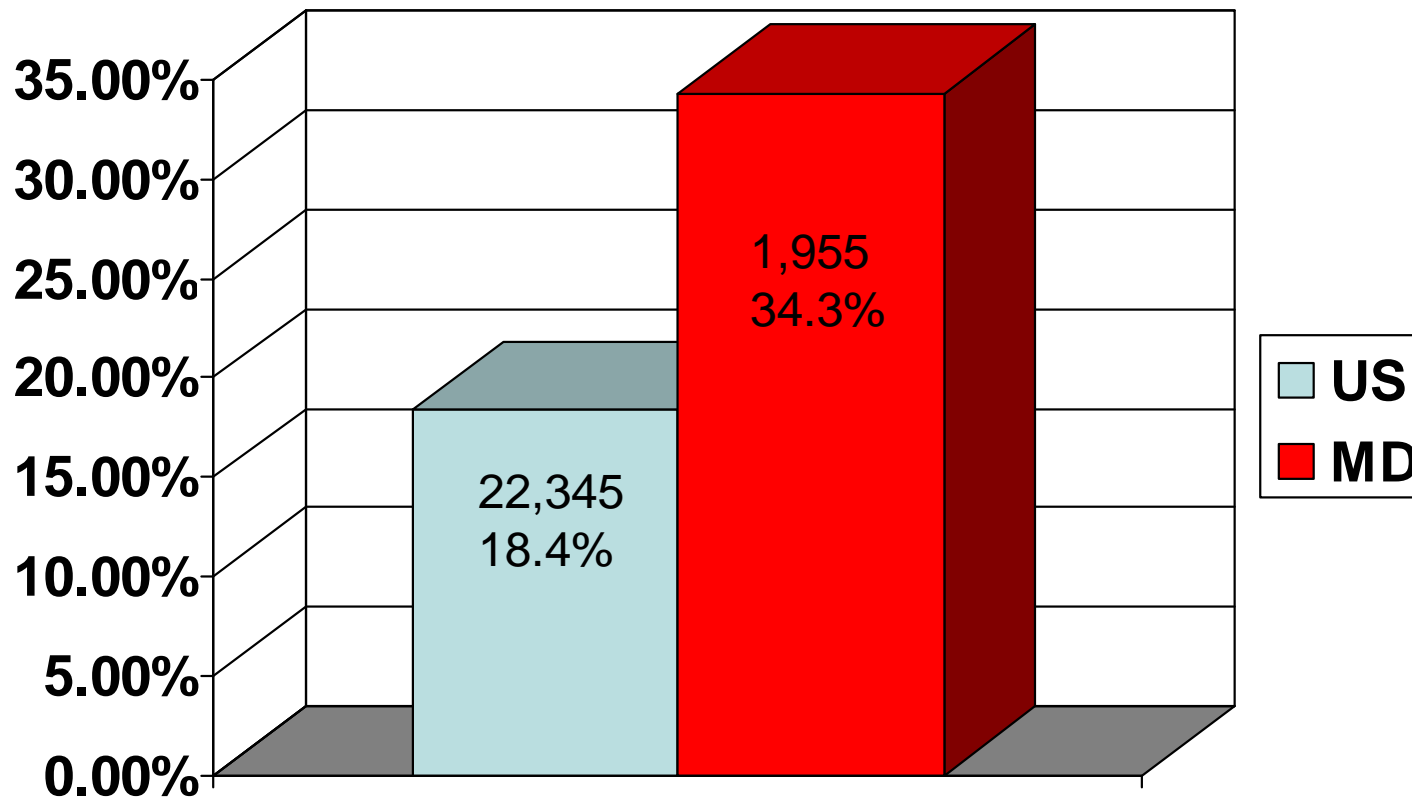
FY 07



Source: US data from Hospital Payment Monitoring Project & MD data from Health Services Cost Review Commission

# Syncope & Collapse – DRG 141

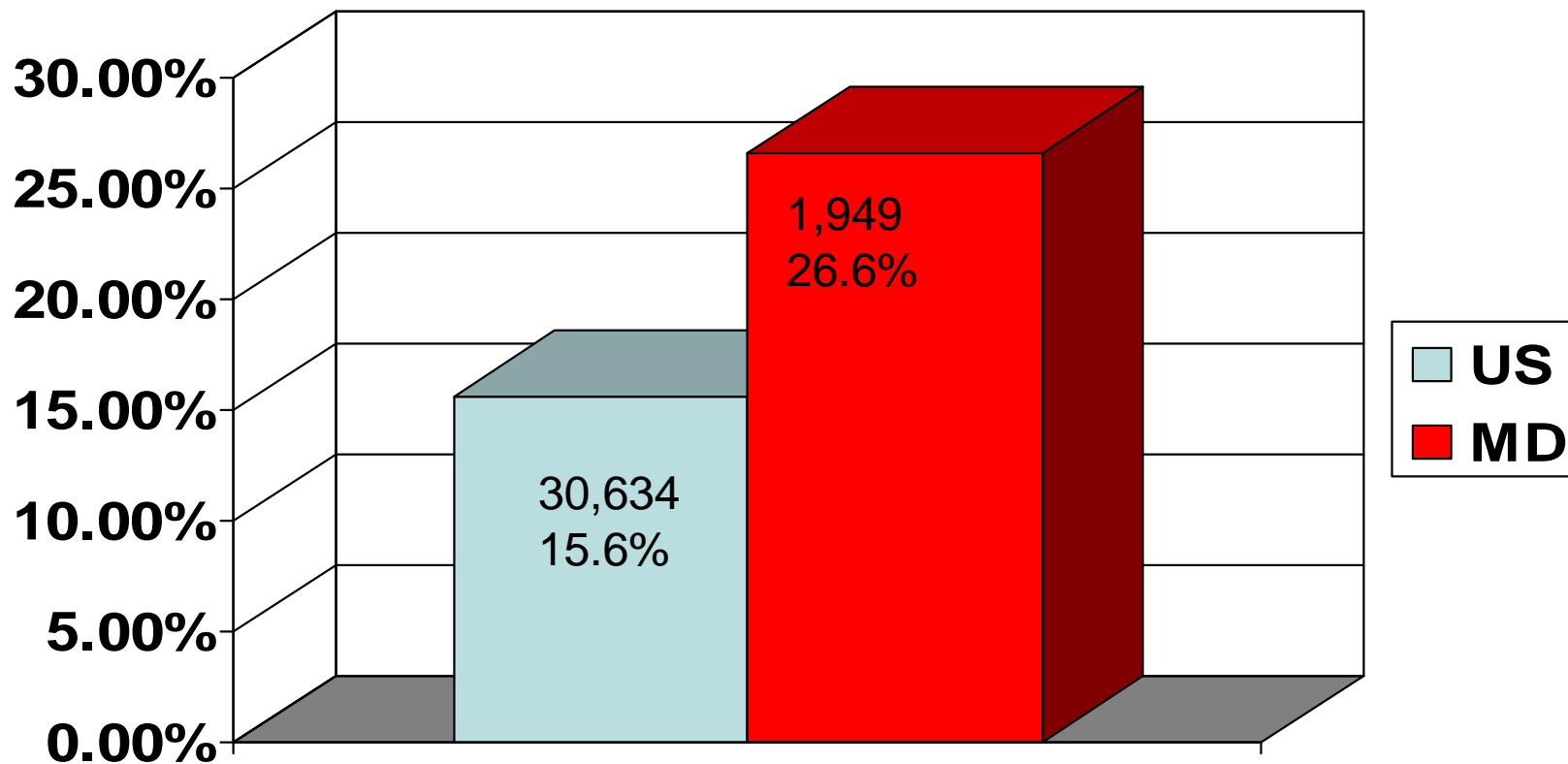
## FY 07



Source: US data from Hospital Payment Monitoring Project & MD data from Health Services Cost Review Commission

# Cardiac arrhythmia – DRG 138

## FY 07

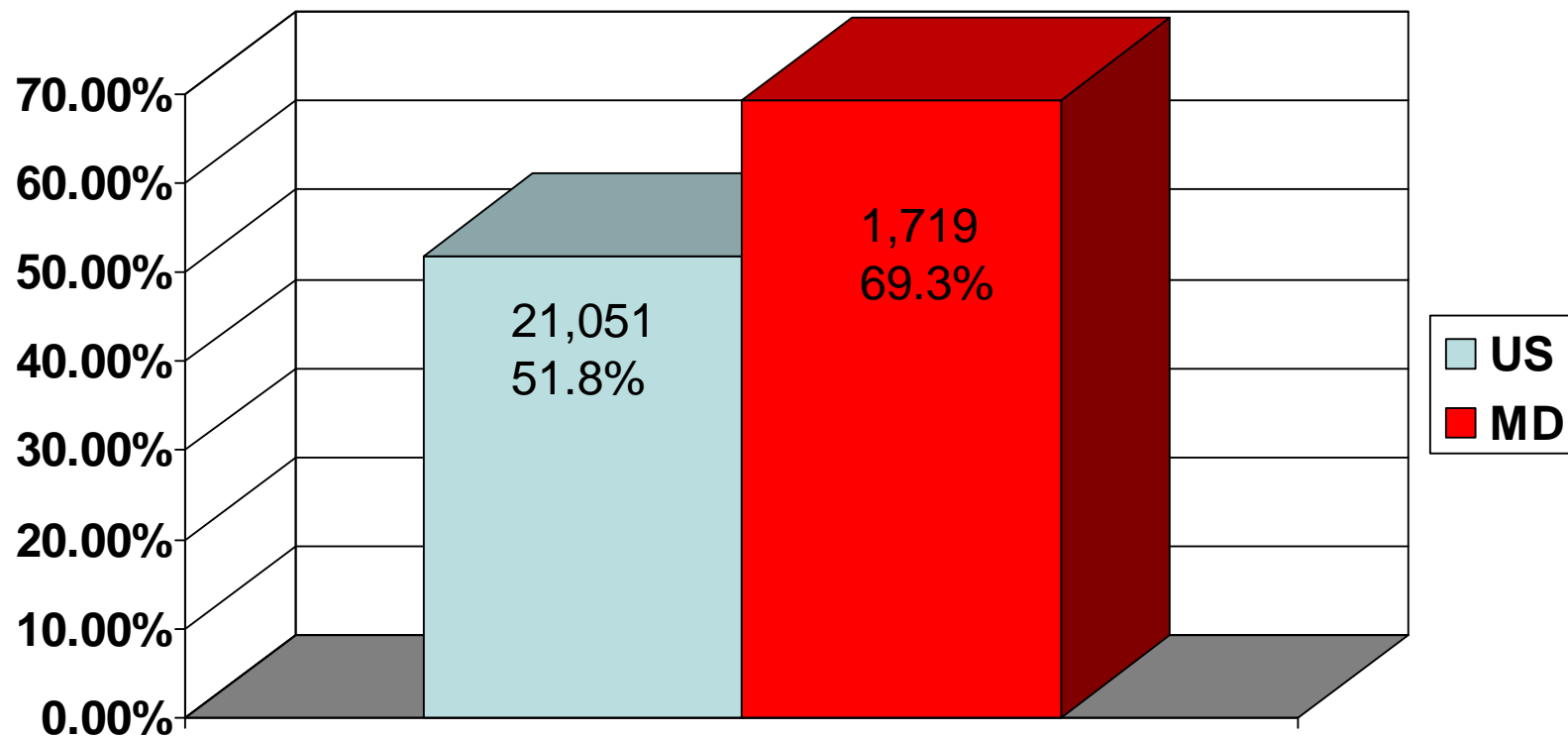


Source: US data from Hospital Payment Monitoring Project & MD data from Health Services Cost Review Commission



# Back & Neck Procs – DRG 500

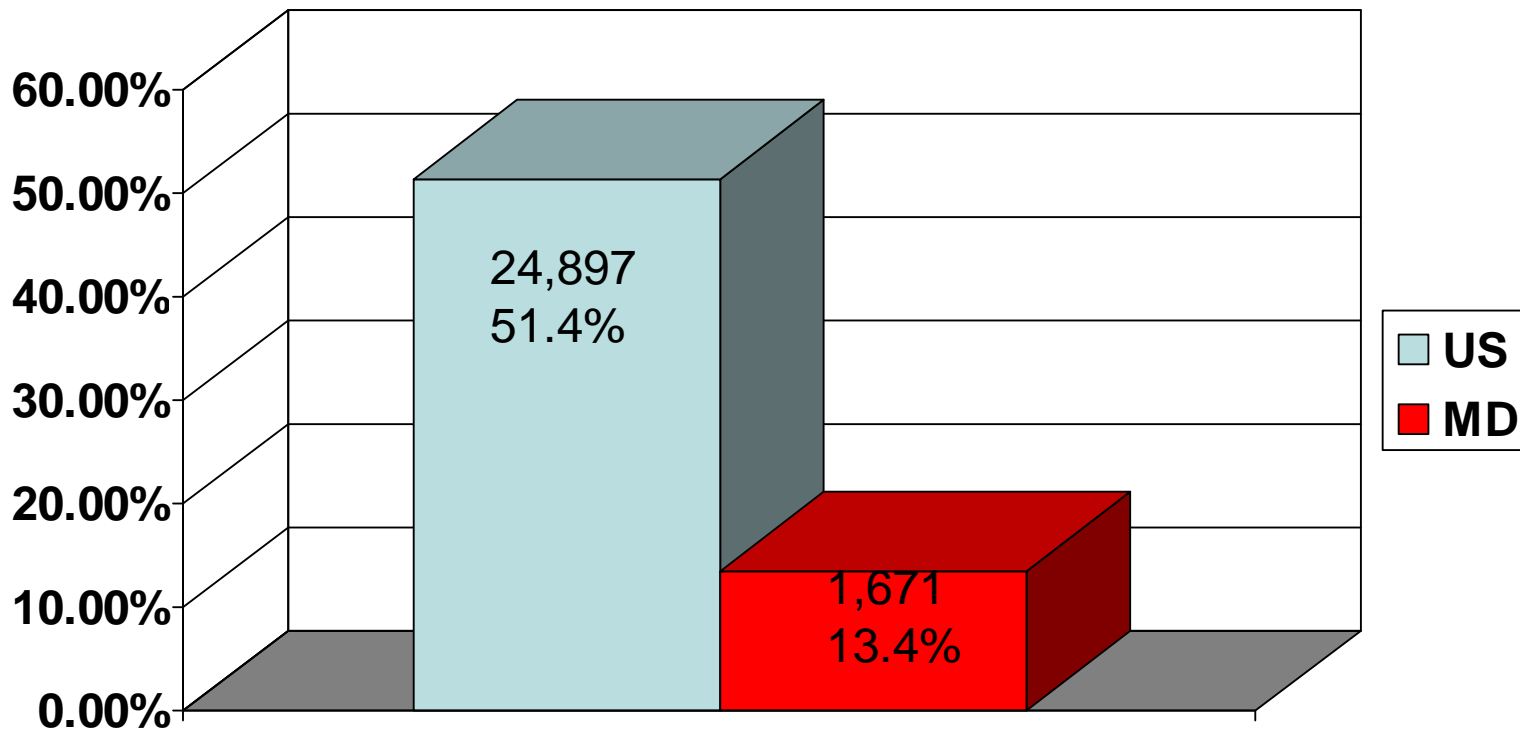
## FY 07



Source: US data from Hospital Payment Monitoring Project & MD data from Health Services Cost Review Commission

# COPD – DRG 088

## FY 07

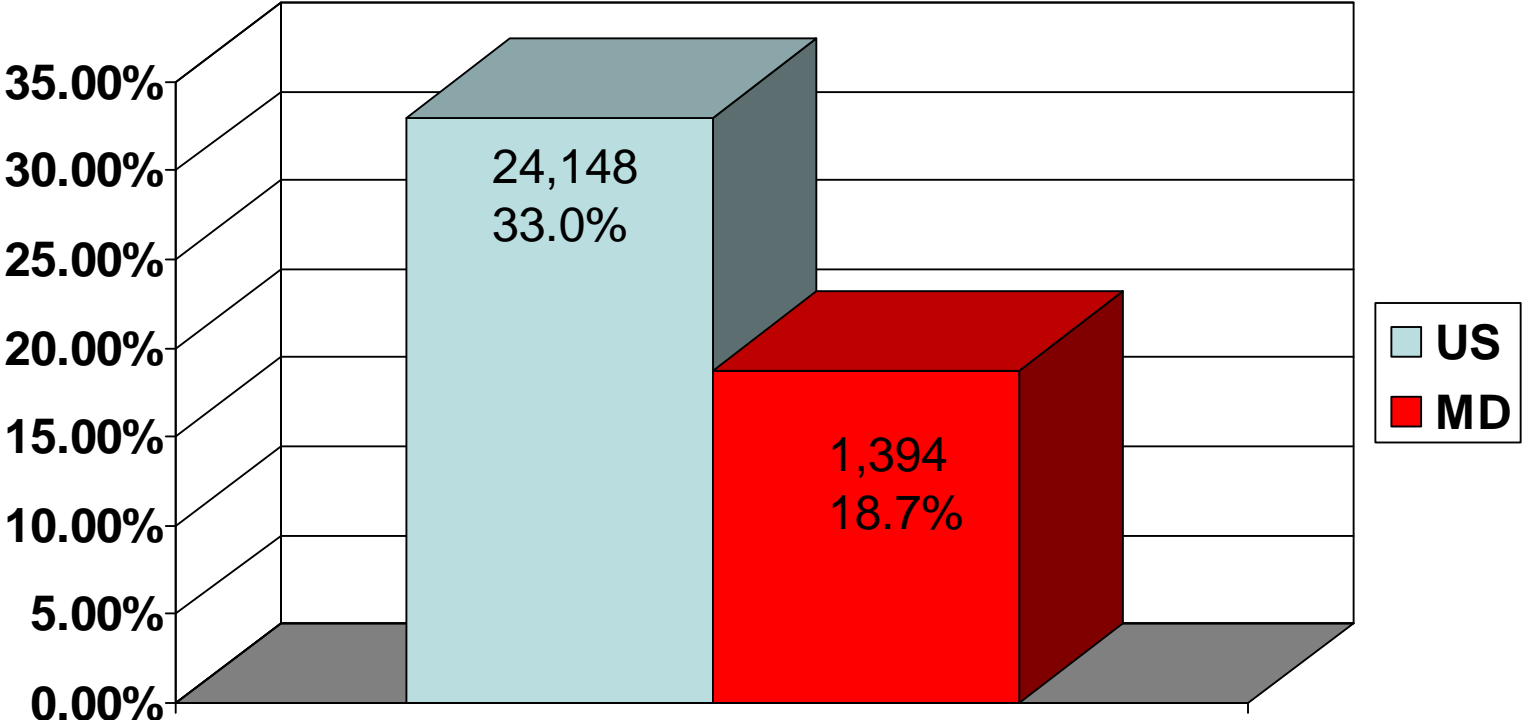


Source: US data from Hospital Payment Monitoring Project & MD data from Health Services Cost Review Commission

# Nutritional & Metabolic Disorders

## DRG 296

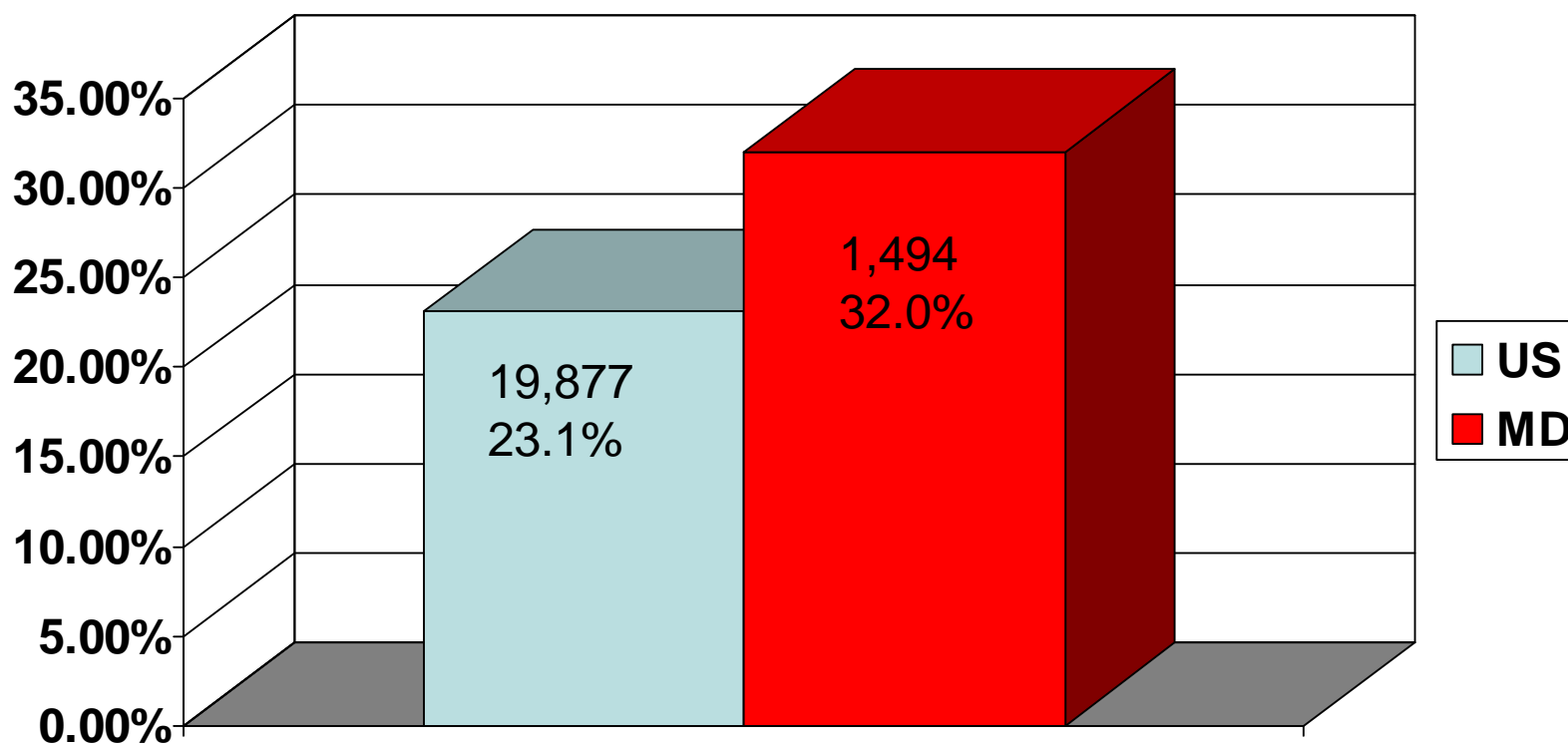
### FY 07



Source: US data from Hospital Payment Monitoring Project & MD data from Health Services Cost Review Commission

# Transient Ischemia – DRG 524

FY 07



Source: US data from Hospital Payment Monitoring Project & MD data from Health Services Cost Review Commission

# Conclusions & Policy Implications

## Conclusions

- Higher % of  $\leq 1$  day LOS in MD compared to US in 8 of 10 DRGs

## Policy Implications

- Observation & Inpatient reimbursement
- Medical practice in MD

# OBSERVATION SERVICES

## TREATMENT OF OBSERVATION SERVICES IN THE HSCRC RATE SYSTEM



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# INTRODUCTION

- HSCRC'S treatment of Observation Services has generally been consistent during the time the HSCRC has been regulating hospital rates
- There are two important facts to consider when trying to understand how the HSCRC handles Observation Services

- First – HSCRC’s jurisdiction to set rates for all payers is, by statute, driven by Medicare’s definition of hospital inpatient services. Consequently, the HSCRC considers that an admission has occurred when a person is formally admitted as an inpatient with the expectation that he will remain overnight. (The HSCRC has interpreted “formally admitted” as a physician’s order to admit.)



- Second – As a condition for maintaining Medicare's Waiver of Reimbursement Principles, Maryland is subject to, among other things, to a Rate of Increase in average payment per Medicare admission in Maryland, since July 1, 1981, is compared with the average payment per Medicare admission in the nation.

# Observation Services in the HSCRC Rate System

- The purpose of Observation Services is to determine whether or not a patient should be admitted
- Observation Services must be ordered by a physician
- Observation Services include periodic monitoring to evaluate the patient's condition
- Observation Services charges are generated, and costs and statistics are reported to the HSCRC in the Emergency Rate Center

# An Unsuccessful Experiment

- On July 1, 1988, with the support of both the hospital industry and the payers, a new Observation Services rate center was created
- Hospitals were directed to charge an Observation charge not only to patients held for observation on the basis of physicians' order, **but also most patients whose admissions lasted less than 24 hours**
- However, the new Observation rate center was short lived. It ended January 1, 1990 because of the deleterious effect on the Medicare Waiver Test caused by the movement of low-cost cases from inpatient to outpatient

# Current Treatment of Observation in the HSCRC Rate System

- Observation begins when a physician orders that the patient be observed
- Patients are charged 1.5 Emergency Room RVUs for each hour of clock time observed
- Observation charges and inpatient Admission and Room & Board charges are mutually exclusive for the same date
- Maternity patients are billed Labor & Delivery observation charges on one Labor & Delivery RVU per hour for maternal and fetal assessment

# The Future of Observation Services in the HSCRC Rate Setting System

- Because of recent erosion in Maryland's Medicare Waiver Test cushion. It is unlikely that there will be a change in the handling of Observation Services in the rate system
- Maryland does not want to handle low-cost cases differently than the rest of the nation because of the Medicare waiver