

MS-DRGs will be implemented in 31 days! Are you ready?

Hospitals could receive a windfall in reimbursement, according to CMS as published in the IPPS FY 2008 Final Rule, if they provide physician documentation education to improve coding.

There is money to be lost and there is money to be gained. Where are the financial impacts?

MS-DRG

Documentation and Coding Adjustment: Since CMS believes hospitals will educate the physicians on documentation and, therefore, code more accurately, they are imposing a 1.2% reduction in reimbursement for FY 2008 and 1.8% reduction in FY 2009 and 2010. A total of 4.8% over 3 years. Named the "Documentation and Coding Adjustment", CMS is ensuring that any hospital not educating their physicians on documentation requirements or undertaking a documentation improvement program will lose significant reimbursement.

Complications/Comorbidities: With the revisions to the CC list, the percentage of patients with at least one CC will go from 77% to 40%. Two interrelated topics will be crucial for physicians to document well: Acute versus Chronic and Specificity. For example: COPD (496) is no longer a CC, but Acute Exacerbation of COPD (491.21) is a CC. CHF (428.0) is no longer a CC, but Chronic Systolic Heart Failure (428.22) is a CC and Acute Systolic Heart Failure (428.21) is an MCC.

POA

Beginning April 1, 2008, CMS will return to provider for correction any claim that does not have accurate POA indicators reported.

Beginning October 1, 2008, the conditions identified as Hospital Acquired Conditions that are reported as Not Present at the time of admission will not count toward DRG Grouping. Meaning, these conditions, which are on the CC or MCC Lists, will not provide a CC or MCC if acquired during the hospital stay. The hospital will not receive additional payment for these conditions.

Core Measures

Hospitals will experience a 2% reduction in the Full Market Basket Update in reimbursement for FY2008, as in FY2007, for not reporting or being on the low end of quality data.

All of the above potential losses have physician documentation in common. Hospitals not educating physicians on documentation issues will lose substantial revenue. Interestingly, the sooner physician documentation improves, there is the ability to gain some portion of the 4.8% windfall CMS has estimated. Specifically, you should increase your revenue by 3.6% for FY2008. Don't get caught with your documentation down.

We believe that in order to survive in this reduced reimbursement atmosphere, you must educate physicians heavily on documentation and coding issues. The most effective ways to do this are through in-person physician training and through ongoing concurrent review of documentation by trained clinical staff. Facilities must educate physicians and staff, continuously monitor the documentation and coding to make sure it is working, and audit these areas to identify who needs additional education and training. *MARSI does all this for you.* We want to prove CMS right and see hospitals make a windfall.

Physician documentation will cause you to lose 4.8% or gain 3.6% in revenue starting October 1.

According to CMS, you should make a windfall this year. Where will your facility fall?