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**To: All Indiana Health Coverage Programs-Enrolled Hospice and Nursing Facility Providers**

**Subject: Nursing Facility Retro Rate Adjustments for Hospice Members Receiving Hospice Care Prior to July 1, 1999**

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## Overview

The purpose of this bulletin is to both clarify the Office of Medicaid Policy and Planning's (OMPP's) policy on the reimbursement for hospice services and to clarify the delayed implementation of a recoupment process beginning July 1, 1999, to correct payments made to nursing facilities rather than hospice providers.

## Clarification of the Reimbursement Change for Nursing Facility Room and Board Services and the OMPP Policy Decision to Delay the Recoupment Process Until July 1, 1999

The OMPP notified hospice providers in Medicaid update bulletin *E98-37* that the hospice covered services rule at *405 Indiana Administrative Code 1-16-4* became law on April 9, 1998.

Pursuant to the rule change, hospice providers will be paid directly an additional per diem amount for room and board services provided to a hospice resident in a certified nursing facility receiving routine or continuous hospice care services. The room and board rate is established at ninety-five percent (95%) of the lowest per diem reimbursement rate Indiana Medicaid would have paid to the nursing facility for any resident on those dates of service during which the recipient was a resident of the facility. Payment to the nursing facility for furnishing room and board to hospice patients is made by the hospice provider under the terms of its agreement with the nursing facility. Pursuant to federal direction on the matter, the OMPP is prohibited from making payment directly to the nursing facility; payment for room and board services must be made directly to the hospice.

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To allow for a period of grace for hospice and nursing facility providers to establish payment agreements in accordance with 405 IAC 1-16-4, the OMPP announced in Medicaid update bulletin E98-37 that the OMPP would establish May 1, 1998, as the date the OMPP would begin to remedy, by means of recoupment, any payments made directly to nursing facilities, rather than the hospice provider, for room and board services. Based on difficulties providers were experiencing in establishing those agreements, in Medicaid update bulletin BT199919, the OMPP further delayed the effective date of the recoupment process until July 1, 1999. The effective date of July 1, 1999, and the recoupment process outlined in the previous bulletins, was a policy decision put into action strictly to correct the problem of reimbursement being made to the inappropriate provider, the nursing facility, and was not intended to further delay the effective date of the change in the reimbursement rate from one-hundred percent (100%) to ninety-five percent (95%) of the lowest per diem reimbursement rate.

Should it be discovered through any audit or retroactive rate adjustment process that a nursing facility provider received payment at one-hundred percent (100%) of the lowest per diem reimbursement rate in error after the rate change was implemented (error code 2027), the provider is subject to a rate adjustment which corrects the payment to ninety-five percent (95%) of the lowest per diem reimbursement rate. Any nursing facility denied payment for room and board services to hospice recipients at the one-hundred percent (100%) level will be reimbursed at ninety-five percent (95%) of the lowest per diem reimbursement rate. However, when making this correction, to comply with proper payment procedures as federally mandated, the Agency may only pay hospice providers directly for hospice-related room and board payments. Nursing facilities may not be paid directly for this service. To obtain the correct payment after an error in the proper reimbursement rate is discovered during an audit or retroactive rate adjustment procedure, the nursing facility must seek any corrected reimbursement for the service directly from the hospice provider. The hospice provider must follow the procedure set out below to receive payment directly for hospice related room and board services provided in a nursing facility.

## **The OMPP Payment Procedures for Nursing Facilities Denied Reimbursement for Hospice-Related Room and Board Services as a Result of an Audit or RetroActive Rate Adjustment**

- The hospice provider must complete and forward a UB-92 paper claim for hospice room and board services to Michelle Stein-Ordóñez at the following address: MS07, Office of Medicaid Policy and Planning, 402 West Washington Street, Room W382, Indianapolis, IN 46204.
- The paper claim must include a copy of the nursing facility remittance advice (RA) that reflects the nursing facility retro rate/error code 2027 claims adjustment. This information must be circled on the RA. The hospice provider

should also include the name and telephone number of a contact person at the hospice agency.

- The OMPP will then forward the hospice claim to EDS for claims processing, EDS will be instructed to waive the one-year claims filing limit, if applicable.
- Michelle Stein-Ordóñez will notify the hospice provider when the hospice claim has been forwarded to EDS.
- It will be the responsibility of the hospice provider to monitor the RA for payment and then pay the nursing facility according to the term in their contract.

Further inquiries about the IHCP hospice benefit may be directed to EDS Customer Assistance at (317) 655-3240 in the Indianapolis local area or 1-800-577-1276.