

# Program Memorandum Intermediaries

Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

Transmittal A-02-106

Date: OCTOBER 25, 2002

## CHANGE REQUEST 2319

**SUBJECT: Provider Education Article: Hospitals' Responsibilities re: Patient Notification at Discharge Planning and Home Health Consolidated Billing**

The attached article is for publication in your next regularly scheduled bulletin and for posting, within 2 weeks after receipt of this Program Memorandum (PM), on any Internet sites or bulletin boards you maintain. This article addresses two issues; i.e., ***discharge planning and home health consolidated billing***. The article alerts hospitals concerning their responsibilities regarding discharge planning, under the conditions of participation for hospitals, to properly counsel patients and family members regarding post-hospital care, and of the need to refer patients to appropriate facilities or agencies for follow-up care; e.g., home health agencies. It will assist in this endeavor if hospitals are reminded to properly counsel patients and family members regarding post-hospital care as required under the conditions of participation for hospitals.

The article also addresses payment problems encountered by some providers; e.g., independent therapists and suppliers, as a result of the enforcement of home health consolidated billing. We are aware that home health inquiry information is available to providers who are billing intermediaries; however, this inquiry capability is currently not available to providers who may be billing carriers and durable medical equipment regional carriers. Beneficiaries are not always reliable sources of information to providers for determining if they currently are in a home health episode of care. An inquiry capability for home health information, via carrier systems, is scheduled for implementation on April 1, 2003, as part of the 270/271 HIPAA transaction standard.

**The *effective date* for this PM is October 25, 2002.**

**The *implementation date* for this PM is October 25, 2002.**

**These instructions should be implemented within your current operating budget.**

**This PM may be discarded after September 30, 2003.**

**If you have any questions concerning provider education activities addressed in this PM, contact Mary Loane at (410) 786-1405.**

Attachment

## **Hospitals' Responsibilities re: Patient Notification at Discharge Planning and Home Health Consolidated Billing**

The following gives detailed information regarding home health consolidated billing, and the important role that hospital discharge planning plays in alleviating the problems currently being encountered by some independent providers as a result of the enforcement of home health consolidated billing.

### **Home Health Consolidated Billing**

The law governing the development of the home health prospective payment, implemented in October 2000, requires the consolidated billing of all Medicare covered home health services (except durable medical equipment (DME)) while a beneficiary is under a home health plan of care authorized by a physician. Billing for all Medicare covered home health services (except DME) is to be made by the home health agency that establishes the plan of care for the episode. The home health agency that establishes the patient's plan of care for the episode is known as the "primary" agency. The primary agency has responsibility for consolidated billing under the home health prospective payment system.

Since the implementation of the home health prospective payment system in October 2000, the enforcement of the consolidated billing requirements have been refined. Some independent practitioners have raised concerns about their ability to determine whether a patient is under a home health plan of care and subject to the consolidated billing requirements governing home health prospective payment. The consolidated billing requirements prevent an independent provider from billing Medicare Part B directly for payment for various medical supplies and therapies while a patient is under a home health plan of care.

Intermediaries have had home health inquiry capability since the implementation of the home health prospective payment system in October 2000. An inquiry capability for home health information, via carrier systems, is scheduled for implementation on April 1, 2003 as part of the 270/271 Health Insurance Portability and Accountability Act (HIPAA) transaction standard. The implementation of this capability means that independent providers will be able to obtain information regarding a patient's status in a home health plan of care.

### **Discharge Planning**

Under the Medicare Conditions of Participation (COP) for Hospitals: **Discharge planning**, (42 CFR, §482.43 (b) (3) and (6)), hospitals must have in effect a discharge planning process that applies to all patients, and the discharge planning evaluation must include an evaluation of the likelihood of a patient needing post-hospital services and of the availability of the services. The hospital must include the discharge planning evaluation in the patient's medical record for use in establishing an appropriate discharge plan and the hospital must discuss the results of the evaluation with the patient or individual acting on his or her behalf. In addition, under 42 CFR, §482.43 (c) (5), the patient and family members must be counseled to prepare them for post-hospital care and under 42 CFR, §482.43 (d) **Transfer or referral**, the hospital must transfer or refer patients, along with necessary medical information, to appropriate facilities, agencies, or outpatient services, as needed, for follow-up or ancillary care.

Hospitals, therefore, should counsel beneficiaries being discharged to receive home health services, that his/her "primary" home health agency; i.e., the agency establishing his/her plan of care, will provide all services. Hospitals should provide a list of home health agencies for beneficiaries to choose from; in addition, when referring the beneficiary to his/her chosen home health agency, the hospital should notify the agency and include any counseling notes, which should serve as a reminder to the home health agency to also notify the beneficiary that **all** services will be provided by them as the "primary" home health agency. Hospitals play a key role in making patients, and/or their caregivers, aware of Medicare home health coverage policies to help ensure that those services are provided within the appropriate venue.