



OIG Issues New Report On SNF Billing For Therapy Services

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On June 5, 2015, the Department of Health and Human Services Office of Inspector General (OIG) released another study in its continuing scrutiny of skilled nursing facilities (SNFs) and therapy services: *Skilled Nursing Facility Billing For Changes In Therapy: Improvements Are Needed, OEI 02-13-00611*. The OIG study examined SNF billing for changes in therapy under new policies that were implemented by the Centers for Medicare & Medicaid Services (CMS) in fiscal years 2011 and 2012.

Specifically, in fiscal years 2011 and 2012, CMS introduced three types of assessments that were designed to adjust SNF billings—and Medicare payments—based on changes in the therapy actually provided during a beneficiary's stay: Start-of-Therapy Assessments; End-of-Therapy Assessments; and Change-of-Therapy Assessments. To conduct the study, the OIG analyzed SNF billing for changes in therapy from fiscal years 2010 through 2013.

For each fiscal year, claims were grouped by stays, and the OIG calculated the percentage of stays during which:

- the SNF billed for no therapy;
- the SNF billed for the same level of therapy; or
- the SNF billed for changes in therapy.

Next, for each FY, the OIG determined the percentage of stays in which the SNF billed for:

- a change in the level of therapy;
- a therapy Resource Utilization Group (RUG) followed by a non-therapy RUG; or
- a non-therapy RUG followed by a therapy RUG.

The OIG found that, despite the new policies requiring SNFs to bill for changes in therapy more quickly, billings for changes in therapy increased only slightly, from 27 percent of SNF stays in fiscal year 2010 to 31 percent in fiscal year 2013.

When SNFs billed for changes in therapy, the OIG found that they most commonly billed for a change in the level of therapy – *i.e.*, during approximately one-quarter of stays, and for a total increase of two percent from fiscal year 2010. Billing for a therapy RUG followed by a non-therapy RUG occurred far less often than billing for a change in the level of therapy – an increase of only one percent from fiscal year 2010 to fiscal year 2013. While least likely, billing for a nontherapy RUG followed by a therapy RUG increased from one percent of stays in fiscal year 2010 to five percent in fiscal year 2013. The OIG further noted that, in each instance, the increase or most of the increase occurred in the year in which the new assessment was introduced.

Since fiscal year 2012, SNFs have been permitted to choose between conducting a scheduled assessment or a combined change-of-therapy assessment (which occurs when a change of therapy assessment overlaps with a scheduled assessment) when a beneficiary's level of therapy changes. Using a combined change-of-therapy assessment results in more timely billing, whereas using a scheduled assessment delays billing for the therapy change. The OIG found that SNFs were far more likely to use scheduled assessments when they decreased therapy than when they increased

it, allowing them to delay billing for the lower paying RUG, and that this practice cost Medicare \$143 million more than if they had used combined change-of-therapy assessments.

Finally, the OIG found that SNFs frequently used the start-of-therapy assessments incorrectly, using the assessment, but billing for no therapy during the beneficiary's stay.

While noting that the new policies were complex and challenging, the OIG recommended that CMS implement new policies to address the problems:

- reduce the financial incentive for SNFs to use assessments differently when decreasing therapy than when increasing it; and
- strengthen the oversight of SNF billing for changes in therapy.

CMS concurred with the OIG's recommendations, and noted that "it is working to identify potential alternatives to the existing methodology used to pay for therapy services under the SNF payment system."

In response, the OIG pointedly urged CMS to "accelerate these efforts," and to "develop a shorter term solution to this problem with the new policies." Specifically, the OIG recommended that CMS "eliminate SNFs' ability to choose a scheduled assessment over a combined change-of-therapy assessment when changing therapy levels."

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