OPERATOR INSIGHTS

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Changes to the CMS Inpatient Only List

With each new year in addition to the celebrations, diet and exercise resolutions, something else quietly occurs. Something that can have profound impact on the bottom line for hospitals. Of course, I am talking about changes to the CMS' Inpatient Only List (IPO). Procedures added or deleted from the list have direct financial impact to hospitals with magnitude depending on how much and what type of procedures each hospital relies on for its financial health.

The IPO list is updated annually as part of the bigger Outpatient Prospective Payment System (OPPS) updates. The changes are finalized around November of each year with implementation the following January. CMS may propose removing a procedure from the IPO list based on the procedure's complexity, risk of complications and length of stay. But let's step back and understand what the IPO list is and what it is not.

Understanding What the IPO List Is

The IPO list encompasses about 1,700 procedures. I like to refer to the IPO list as the "you only get paid if you bill as Inpatient" list. Not catchy I know, but it gets to the point. In other words, regardless of how complex or costly the procedure is, any status other than inpatient on the claim will result in ZERO reimbursement to the hospital. Therefore, it is crucial that the claim is not submitted with an Outpatient status for these CPT codes. Hospitals absolutely must have a hardwired manual, or my preference, an electronic process to scrub their posted cases against the IPO list to be very sure the claim is an inpatient claim, if the CPT is on the IPO list. I have seen systems lose millions, even tens of millions of dollars in not getting this right.

"DOCUMENTATION TO SUPPORT INPATIENT STATUS IS PARAMOUNT"

What the IPO List Is Not

Now what the IPO list is not. It is not an exhaustive, exclusive list of the only procedures that CAN be inpatient. While a procedure on the IPO list must be billed as inpatient to get paid, a procedure NOT on the IPO list can still get paid as inpatient (usually netting higher reimbursement) if there is medical necessity for the inpatient status. Perhaps there were complications during the procedure or postoperatively that caused the stay to pass the second midnight. Even preoperatively, if a patient is of such high risk that he or she must be cared for as an inpatient, and if the documentation is strong enough to justify the inpatient status, the patient can be brought in as an inpatient either under the two-midnight expectation or the case-by-case exception Medicare has given us. Some of these gray areas are where a physician Advisor can ensure compliance and at the same time ensure sound financial outcomes.

IPO List Changes Coming In 2021

Big changes are coming to the Inpatient Only List for 2021. First, CMS has confirmed it will phase out the IPO list over the next 3 years. For all its faults, there is a simplicity to the IPO list: if on the list, bill as inpatient. Now status will mirror medical hospitalizations and will rely on physician judgement based on the 2 Midnight rule and case-by-case exception.

I know you have heard me say it before, but I have to say it again, DOCUMENTATION to support inpatient status is paramount. We have always known this for medical cases, but even surgical cases must now have a chart that clearly supports inpatient status if indicated. Any auditor should be able to review the chart and note that it is clear based on the patient's comorbidities and high risk that a patient could not have been cared for in any setting other than inpatient.

For 2021, the IPO list phase out will commence with the removal of about 300, mostly musculoskeletal, procedures. Simultaneously, CMS will add 11 procedures that can be performed and paid for in an Ambulatory Surgical Center (ASC), including total hip arthroplasties. Under new revised review criteria, CMS has also stated it will add an additional 267 procedures to the ASC list. Clearly, these actions are to continue the momentum of moving procedures out of expensive acute care hospitals to outpatient settings. CMS has stated there will be a memorandum on status reviews for procedures removed from the IPO list.

These big changes will be viewed with mixed emotions, I am sure. Are you a hospital CEO seeing your lucrative procedures transitioning to outpatient? Or even worse, moving down the street to the local ASC? Are you an orthopedic surgeon who can now do more procedures in her ASC? Are you a patient who now has more choices as to settings? One thing is for sure, the IPO list as we once knew is forever changed and soon will cease to exist.

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