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OIG: SNFs Were Overpaid \$84M Due to Three-Day Qualifying Stay Noncompliance

By Nina Youngstrom

Although the HHS Office of Inspector General has identified \$84 million in improper payments for admissions to skilled nursing facilities (SNFs) without a three-day qualifying stay in an acute-care hospital, the money won't be recouped. CMS told Medicare administrative contractors (MACs) not to bother because "CMS could not determine whether SNFs were 'at fault' in not meeting the 3-day rule," according to a new OIG report. But CMS may not indefinitely cut SNFs slack because since 2000, OIG has put out 27 reports about improper payments caused by noncompliance with the three-day rule.

"It's one of the few audits I've seen that doesn't ask CMS to recoup improper payments," says Ronald Hirsch, M.D., vice president of R1 RCM. Liability may be hard to establish because of problems with Common Working File (CWF) edits as well as hospital/SNF notifications when inpatient admissions begin and end, he says. "Asking for recoupment would open a hotbed of issues about beneficiary liability CMS doesn't want to tackle," Hirsch says.

Medicare covers medically necessary SNF admissions after patients have a qualifying acute-care inpatient hospital stay for at least three consecutive days. That doesn't include discharge day, or time spent in observation or the emergency room. If SNF claims don't live up to this standard, they should be caught by edits in the Fiscal Intermediary Shared System (FISS) and CWF. The FISS turns away SNF claims if there's no three-day consecutive inpatient hospital stay. The CWF rejects SNF claims if at least one of the hospital dates of service reported with occurrence span code 70 "matches an incoming or previously posted inpatient hospital claim's dates of service found within 30 days of the SNF admission, and the hospital stay dates do not span 3 or more calendar days, not including the date of discharge," OIG said.

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