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CMS Will Recover PACT Policy Overpayments After OIG Audit

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Hospitals around the country will soon be returning Medicare overpayments related to the post-acute care transfer (PACT) payment policy.

The HHS Office of Inspector General (OIG) said in a Nov. 6 audit report^[1] that Medicare improperly paid almost \$54.4 million to acute-care hospitals for inpatient claims under the PACT transfer policy, and suggested that CMS recover the money. CMS said in a written response that it will direct Medicare administrative contractors (MACs) to get that money back and pursue overpayments hospitals received after the audit period.

According to the PACT payment policy, acute-care hospital patients who receive post-acute care are classified as transfers, not discharges, and hospitals are paid per diems instead of MS-DRGs up to the full amount of the MS-DRG. Post-acute care is defined as home health care provided within three days of discharge for a related diagnosis or condition, same-day admission to skilled nursing facilities and other hospital units that are not reimbursed under the inpatient prospective payment system (e.g., psych, inpatient rehab), and same-day hospice admissions. Hospitals are required to use discharge status codes on all Medicare claim forms, such as 06 for home health, which tells Medicare the PACT payment policy is in play.

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