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Proposed IPO List Reversal Eased by Point-of-Entry Case Managers

By Nina Youngstrom

Because its point-of-entry case managers review all planned surgeries in advance, ProHealth Care Inc. in Waukesha, Wisconsin, is taking CMS's plan to reverse the elimination of the inpatient-only list (IPO), which was announced in the 2022 proposed outpatient prospective payment system regulation,[1] in stride. They act as a buffer between physicians and the compliance requirements, asking for inpatient orders for IPO procedures whether or not patients are expected to stay two midnights.

"Doctors know that's their source of truth," said Juliet B. Ugarte Hopkins, M.D., physician advisor for case management, utilization and clinical documentation. Changes to the IPO list, whether hundreds at a time, as carried out in January, or a handful, which was the norm for years and is the method CMS has proposed to resume, are "not a big deal."

But she and others think that CMS's safety rationale for its about-face on the IPO Iist falls flat. In the proposed rule, CMS said restoring the 298 (mostly) musculoskeletal procedures that were removed in January, and keeping the rest of the 1,740 procedures on the list instead of moving them off by 2024, is a matter of patient safety. "We believe that there are many surgical procedures that cannot be safely performed on a typical Medicare beneficiary in the hospital outpatient setting....We recognize that while physicians are able to make safety determinations for a specific beneficiary, CMS is in the position to make safety determinations for the broader population of Medicare beneficiaries, that is, the typical Medicare beneficiary."[2]

But some compliance and hospital officials are skeptical of that explanation because they say patient status is about reimbursement, not quality of care.

"One of the things that has been particularly confounding to doctors and physician advisors is that inpatient vs. outpatient is a billing construct. There is no difference in how we manage patients," Ugarte Hopkins said. "There is nothing that says if a patient is in inpatient status, they are somehow getting a higher level of care or more services or in a different bed or different nurses." For that reason, the idea of an IPO list has always "been a little weird." The upside to the IPO list is there's a guarantee of Part A reimbursement as long as hospitals have an inpatient order and procedure coding comports with the IPO list.

"If they reverse the list and we have a new IPO list Jan. 1, that's the list we will use and the physicians will be directed accordingly because it's not a safety list," Ugarte Hopkins said. When procedures are on the IPO list, the point-of-entry case managers send a message to physicians through the electronic health record informing them the procedure they're about to perform is on the IPO list and asking them to enter an inpatient order regardless of how long they think the patient will be hospitalized. The process applies to patients with Medicare, Medicaid and TRICARE using the appropriate IPO lists.

"The impetus for putting this into place was to make sure we didn't miss any IPO procedures because we were relying on the surgeons and their office staff to catch it and utilization management after the fact," she said. When patients are already discharged, it's too late to get an inpatient order. "It has worked out incredibly well."

Point-of-entry case managers also make sure the hospital has preauthorization for inpatient procedures from Medicare Advantage and commercial managed care plans, Ugarte Hopkins said.

The safety explanation also has confounded Jeanne Owens, a certified coder and hospital compliance manager. A bed is a bed, whether patients stay overnight after surgery, receive observation services or are inpatients. The advantage to eliminating the IPO list and leaving the patient status decision to physicians is that everything would fall under the two-midnight rule, Owens said. "It would be nice to have one process to follow."

Some physicians at her hospital see the conflict between the IPO list and the two-midnight rule and are uncomfortable writing an inpatient order for a procedure on the IPO list unless they're confident the patient will be in the hospital for two midnights. They haven't internalized the IPO as an exception to the two-midnight rule that guarantees Part A payment no matter how long patients stay. "When patients are having procedures and staying overnight in the hospital, it's not always easy for them to understand it's the inpatient-only rule, not the two-midnight rule," said Owens, who preferred not to identify her hospital.

Some IPO procedures, such as transcatheter aortic valve replacements, obviously require an inpatient stay. But other procedures are causing compliance challenges, especially when coders and physician advisors don't see post-operative notes in time to raise questions about coding or admissions or there is a mid-procedure change. "We run into a lot of hiccups," she said. The hospital has faced situations where it's unable to bill for the IPO procedure only because the physician didn't write an order for the IPO procedure.

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1 Nina Youngstrom, "In Proposed OPPS Rule, IPO List Is Back, Fines Are Higher for Transparency Noncompliance," *Report on Medicare Compliance* 30, no. 27 (July 26, 2021), https://bit.ly/3yoo0B4.
2 Medicare Program: Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs; Price Transparency of Hospital Standard Charges; Radiation Oncology Model; Request for Information on Rural Emergency Hospitals, 86 Fed. Reg. 42,018 (August 4, 2021), https://bit.ly/38fxowh.