

# PUBLICATION

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## Medicare to Deny Certain Hospital Inpatient Claims for Hospice Patients [Ober|Kaler]

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Under new CMS guidance, hospitals may have certain claims denied for inpatient services to a hospice patient. On November 7, 2013, CMS issued [Change Request 8273](#) announcing changes in Medicare's claims processing systems that will deny hospital inpatient claims when the principal diagnosis on the hospital claim matches any one of the diagnosis codes on the hospice claim and the hospital claim is billed under condition code 07 ("Treatment of Non-terminal Condition for Hospice"). **This policy will be effective April 1, 2014.**

CMS's position is that under the hospice benefit, the hospice is responsible for all care related to the terminal condition during the hospice benefit period. Therefore, if the hospital's diagnosis matches any of the hospice diagnoses for the terminal condition, the hospital should look to the hospice for payment, rather than looking to Medicare. Any payment by Medicare to the hospital would constitute an overpayment.

### Ober|Kaler's Comments

This guidance comes at a time when hospices are struggling with documenting all the diagnoses that are related to a patient's terminal illness. CMS recently announced that adult failure to thrive and debility can no longer be the principal diagnosis for the hospice patient's terminal condition. See our prior *Payment Matters* article, "[Adult Failure to Thrive and Debility Can No Longer Be Principal Diagnoses on Hospice Claim Forms.](#)" This is causing many hospices to revise their determinations of the diagnoses contributing to the terminal illness. Hospitals may not know the diagnoses listed on the hospice claims, and may believe they are appropriately seeking Medicare payment for the inpatient stay. This could result in unexpected overpayments.