

Medicare outpatients risk higher bills for some procedures

December 19 2016, by Ricardo Alonso-Zaldivar

You pay less for outpatient treatment than for a hospital admission, right? Not necessarily in the topsy-turvy world of Medicare billing, according to a government report.

People entitled to benefits under Medicare who had heart stents inserted as outpatients faced hospital bills that were \$645 higher on average than those who had the same kind of procedure as inpatients, the Health and Human Services [inspector general](#) has found. Stents are tiny mesh cages that prop open narrow or weakened arteries. They usually are inserted through a tube that's threaded through an artery in either the groin or the arm.

The beneficiary's share of costs averaged \$1,667 for an outpatient stent, compared with \$1,022 for an inpatient stent, the report found. Investigators looked at hospital billing for 2013-2014.

In a formal response to the report being released Monday, Medicare said it has taken steps to protect people from such disparities.

Nonetheless, the inspector general is recommending that Medicare take another look at how its billing rules distinguish between inpatient and outpatient hospital stays. Overall, there's a gray area between short inpatient stays and long outpatient stays, a problem that the agency has been working on for years, with mixed results.

Not only do hospital billing decisions affect how much people pay for a

procedure, they can also determine whether patients get Medicare coverage for inpatient rehabilitation. Generally, Medicare beneficiaries must stay in a hospital for at least three nights to qualify for inpatient rehab coverage. The report says Medicare should consider also counting the length of time someone spends as an outpatient.

"An increased number of beneficiaries in outpatient stays pay more and have limited access to (inpatient rehab) services than they would as inpatients," the report concluded.

"Medicare—and beneficiaries—may be paying differently for similar care," investigators added.

Advocates say beneficiaries should be aware that how their hospital stay is classified can affect what they pay and also their access to coverage for inpatient rehabilitation. But patients and families may not be able to do much to influence such clinical decisions.

As the government's premier health insurance program, Medicare serves an estimated 57 million older and disabled people.

Most of the cases covered by the inspector general's report stemmed from emergency-room visits.

The billing discrepancies stem partly from Medicare's complicated design. Beneficiaries pay a deductible for inpatient care, currently \$1,288 per stay. Outpatient care is billed differently, with beneficiaries responsible for 20 percent of the cost of services, after a small deductible.

Sometimes 20 percent of the cost of a battery of outpatient services can add up to more than the inpatient deductible. Many people purchase private "Medigap" insurance to deal with Medicare's out-of-pocket costs.

For most of the procedures scrutinized by the inspector general, the Medicare program and beneficiaries both paid less when services were provided on an outpatient basis. But inserting a heart stent—a common procedure—was not the only kind of medical care for which outpatients wound up paying more.

Investigators said the next three most common service categories for which outpatients wound up paying more were cardiovascular procedures without stents, cardiac defibrillator implants and cardiac pacemaker implants. Heart disease is still the nation's top killer.

In its written response to the report, Medicare agreed that the billing issue needs more work. The agency advises hospitals that stays spanning two midnights or longer should be billed as inpatient.

Medicare said it is doing what it can within existing laws to protect people from paying more for similar services as outpatients. It has reclassified payment for many procedures to limit what outpatients can be billed. Stent procedures are on that list.

But the changes are relatively recent, and the inspector general's office said it has no information yet on how the new policy is working.

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Citation: Medicare outpatients risk higher bills for some procedures (2016, December 19)
retrieved 26 April 2023 from
<https://medicalxpress.com/news/2016-12-medicare-outpatients-higher-bills-procedures.html>

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