

Days Waiting Placement: Ensuring Reimbursement for Services Provided

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Iowa hospitals provide care and receive reimbursement for services provided to patients if the care provided is medically necessary. But what happens when the treatment is no longer medically necessary but the patient is too sick to return to the community?

Under normal circumstances, a transitional placement is found and the patient moves to a new care environment. This could be a nursing facility, a long-term residential placement or a lower level of care outside of the hospital. When these transitional levels of care are not available, the patient must stay in the hospital. **In Iowa, hospitals are not reimbursed for any care provided while waiting for placement.**

An essential component of Medicaid managed care is care coordination. Managed care organizations (MCOs) are charged with ensuring that patients seek appropriate levels of care and should share in the burden of ensuring that placement is found for patients. Delaying placements and shifting the full cost to hospitals is not fair to the patient or the hospital.

The General Assembly should support and enact legislation that creates incentives to ensure that patients are quickly and efficiently discharged and that hospital receive reimbursement for care provided during this process.

Issue Background - Talking Points

- Hospitals are currently receiving no reimbursement for patients waiting for placement in transitional levels of care.
- Delays are commonly experienced for patients who need long-term placement in a nursing facility, patients who need mental health treatment in a long-term setting or a setting outside of a hospital, or complex patients who require further treatment in a setting outside of a hospital.
- Examples of patients that can be difficult to place include patients with mental illness, substance use, dementia, a history of violence or aggression, or registered sex offenders.
- Patients are often kept at hospitals for weeks or even months without placements. These patients often require intense oversight with high patient to professional ratios. Many hospitals have experienced an inability to transition patients for over one year.
- Many states have reimbursement for hospitals who are unable to transition a patient through no fault of the hospital. This reimbursement can be referred to as days waiting placement or administrative day reimbursement.

Recent Policy Changes

- In 2018, the Legislature recognized the importance of ensuring clear policy on transitioning patients in need of behavioral health services by including a provision within the Health and Human Services budget bill that required MCOs to reimburse hospitals for a period of three days before applying medical necessity criteria for court-ordered mental health (Iowa Code Chapter 229) or substance use (Iowa Code Chapter 125) treatment or services.
- This policy was clarified in Amendment 7 of the contracts with the MCOs with the addition of the following language: "...the contractor may only end funding of court ordered services under chapter 125 or chapter 229 after giving the provider and the agency and, as appropriate, the Juvenile Court Officer twenty-four (24) hour written notice of the contractor's offer of adequate, available and accessible mental health services and supports that can meet the member's needs in a lower level of care."
- While many hospitals still struggle with enforcement of this provision, the policy, if enforced, is a potential solution to ensuring efficient placement of patients and appropriate reimbursement to hospitals for care provided.

Legislative Request

- The General Assembly should support and enact legislation that creates incentives for providers that offer post-acute services and MCOs to ensure that patients are quickly and efficiently transitioned to appropriate levels of care.
- The General Assembly should enact legislation to provide reimbursement to Iowa hospitals for days waiting placement.

Iowa patients deserve appropriate levels of care in the least restrictive and most cost-effective environment. Enacting policy to ensure that these transitions occur efficiently and ensuring that Iowa hospitals do not singularly carry the burden for this care ensure that Iowa's health care remains high-quality and low-cost.