

## **Co-Located Long-Term Care Hospitals Remain Unidentified, Resulting in Potential Overpayments (OEI-04-12-00491) <http://go.usa.gov/2juh>**

### **WHY WE DID THIS STUDY**

Long-term care hospitals (LTCH) generally treat patients who have been discharged from acute care hospitals but have complex medical conditions that require prolonged hospital-level care. An LTCH can be freestanding or co-located with another hospital-level provider (e.g., an acute care hospital) or a skilled nursing facility. A co-located LTCH is located in the same building as another provider or in a separate building on the same campus as another provider. Co-located LTCHs must notify their claims processing contractors about the providers with which they are co-located and whether there are any changes in co-located status. Because co-location creates incentives for providers to make decisions about admitting and discharging patients on the basis of maximizing Medicare payments, CMS developed two payment policies that reduce payments to co-located LTCHs when certain thresholds are exceeded.

### **HOW WE DID THIS STUDY**

As part of our ongoing study entitled Medicare Payments for Interrupted Stays in Long Term Care Hospitals (OEI-04-12-00490), we requested that all CMS claims processing contractors provide data on the co-located status of LTCHs in their respective provider service areas for calendar years 2010 and 2011. We reviewed contractors' responses to determine how many LTCHs had notified them of their co-located status. We also mapped the geographic locations of 211 LTCHs in relation to those of other providers to independently identify co-located LTCHs. We compared our results to contractor responses to identify co located LTCHs that have not notified their claims processing contractors of their status.

### **WHAT WE FOUND**

Of the 211 LTCHs for which we have determined the co-located status, our preliminary data analysis shows that 141 (or 67 percent) are co-located. Only 44 of these 141 LTCHs had notified their claims processing contractor of their co-located status. Consequently, at least 97 co-located LTCHs (46 percent of the 211 LTCHs) had not notified their claims processing contractor of their co-located status on the basis of contractor responses. This inaccurate data on LTCHs' co located status could result in overpayments if these LTCHs exceeded the threshold for either payment policy.

This report does not contain recommendations.

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