

# Inpatient psychiatric care in Medicare: Trends and issues

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# Inpatient psychiatric facility (IPF) PPS

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- Phased in beginning Jan. 2005
- 2008 (first year fully implemented):
  - Cases = 442,759
  - Spending = \$3.9 billion

# Medicare's IPF PPS

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- Per diem payment
  - Adjusted for patient characteristics
    - MS-DRG, age, comorbidities, LOS
  - Adjusted for facility characteristics
    - Wage index, COL, teaching status, rural location, presence of ED
- Add-on payment for each electroconvulsive therapy (ECT) treatment
- Outlier pool = 2% of total payments

# IPF volume and spending, 2004 and 2008

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|                                 | 2004    | 2008    | % change<br>2004-2008 |
|---------------------------------|---------|---------|-----------------------|
| Cases per 1,000 FFS beneficiary | 13.2    | 12.7    | -3.8%                 |
| Spending per FFS beneficiary    | \$97.0  | \$111.4 | 14.8                  |
| Payment per day                 | \$627   | \$728   | 16.1                  |
| Unique beneficiaries            | 311,146 | 294,574 | -5.3                  |

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# IPF users

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- 65% under age 65; 29% under age 45
- 56% are dual-eligibles
- 28% have more than one IPF stay during the year
- Heavy users of other Medicare-covered services, including Part D drugs

# Most common types of cases in IPFs, 2008

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| Description                               | Number of cases | % change, 2004-2008 |
|---|-----------------|---------------------|
| Psychosis                                 | 322,415         | -7.7%               |
| Degenerative nervous system disorders     | 37,264          | 28.1                |
| Organic disturbances & mental retardation | 25,383          | -36.2               |
| Alcohol/drug abuse                        | 24,888          | -3.4                |
| Depressive neurosis                       | 14,796          | -17.3               |
| Top 5 case types                          | 424,746         | -8.1                |
| All IPF cases                             | 442,759         | -8.4                |

# Distribution of cases in freestanding and distinct-part IPF units, 2008

| MS-DRG        | Description                                   | Freestanding | ACH Unit |
|---------------|---|--------------|----------|
| 885           | Psychosis                                     | 76%          | 72%      |
| 897           | Alcohol/drug abuse w/o rehab, w/o MCC         | 8            | 3        |
| 057           | Degenerative nervous system disorders w/o MCC | 4            | 9        |
| 884           | Organic disturbances & mental retardation     | 3            | 7        |
| 881           | Depressive neurosis                           | 3            | 3        |
| All IPF cases |   | 128,888      | 305,041  |

Source: MedPAC analysis of MedPAR data from CMS.

# IPF supply, 2008

| Type of IPF            | Number of IPFs<br>2008 | Number of beds<br>2008 | Share of beds<br>2008 | % change in beds<br>2004-2008 |
|------------------------|------------------------|------------------------|-----------------------|-------------------------------|
| All IPFs               | 1,535                  | 81,610                 | 100%                  | -0.6%                         |
| Freestanding hospitals | 408                    | 45,982                 | 56                    | 11.0                          |
| Distinct-part units    | 1,127                  | 35,628                 | 44                    | -12.5                         |
| Urban                  | 1,226                  | 72,122                 | 88                    | 1.7                           |
| Rural                  | 309                    | 9,488                  | 12                    | -14.7                         |
| Nonprofit              | 818                    | 27,063                 | 33                    | -14.5                         |
| For profit             | 346                    | 18,252                 | 22                    | 12.3                          |
| Government             | 371                    | 36,295                 | 44                    | 6.1                           |

# Freestanding vs. distinct-part IPFs, 2008

| Description          | Freestanding | Distinct-part units |
|----------------------|--------------|---------------------|
| Mean number of beds  | 113          | 32                  |
| Medicare ALOS (days) | 17           | 11                  |
| Medicare share       | 19%          | 29%                 |
| Share of patients:   |              |                     |
| admitted through ED  | 11%          | 46%                 |
| discharged home      | 81%          | 66%                 |
| discharged to SNF    | 4%           | 13%                 |
| For profit           | 40%          | 16%                 |
| Rural                | 15%          | 22%                 |

# IPF policy issues

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- Payment accuracy and quality under the PPS
- Episodes of care

# IPF PPS payment accuracy

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- Cost differences across providers:
  - Distinct-part units
    - Role of the IPF unit in hospital cost allocation
    - Impact of IPF unit on acute care hospital cost structure and profitability
  - Patient selection/patient mix
    - Do patients vary systematically across providers?

# IPF PPS payment accuracy, cont.

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- Do payments accurately target costs for nursing/staff services?
  - Nursing/staff time = ~80% of direct costs
  - PPS based on *facility average* daily costs of nursing and staff time
  - Some variables affecting cost of nursing/staff services not recognized by PPS

# IPF PPS quality measurement

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- Hospital-based Inpatient Psychiatric Services (HBIPS) Core Measures
  - Screening for violence risk
  - Time in physical restraints or seclusion
  - Discharged on appropriate drug regimen
  - Post-discharge care planning

# IPF PPS quality, cont.

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- New requirement under health reform:
  - IPF quality reporting program established for rate year 2014 (2% penalty for failure to report)

# Episodes of care

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- Use of services over the course of an episode of illness or period of time
- Outpatient mental health services
- Private sector coverage and use of IPF and other mental health services
- Quality measurement

# Discussion

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- June report chapter
- Issues related to the IPF PPS
- Issues related to episodes analysis

# Scatter bed volume, 2004 and 2008

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|                                 | 2004    | 2008    | % change<br>2004-2008 |
|---------------------------------|---------|---------|-----------------------|
| Cases                           | 254,929 | 247,617 | -2.9%                 |
| Cases per 1,000 FFS beneficiary | 7.0     | 7.1     | 2.1                   |

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# Most common types of cases in scatter beds, 2008

| DRG                   | Description                                   | Share of scatter bed cases | Share of IPF cases |
|-----------------------|---|----------------------------|--------------------|
| 885                   | Psychosis                                     | 33%                        | 73%                |
| 057                   | Degenerative nervous system disorders w/o MCC | 20                         | 8                  |
| 897                   | Alcohol/drug abuse w/o rehab w/o MCC          | 15                         | 4                  |
| 884                   | Organic disturbances & mental retardation     | 8                          | 6                  |
| 056                   | Degenerative nervous system disorders w/ MCC  | 5                          | 1                  |
| Total number of cases |   | 247,617                    | 442,759            |

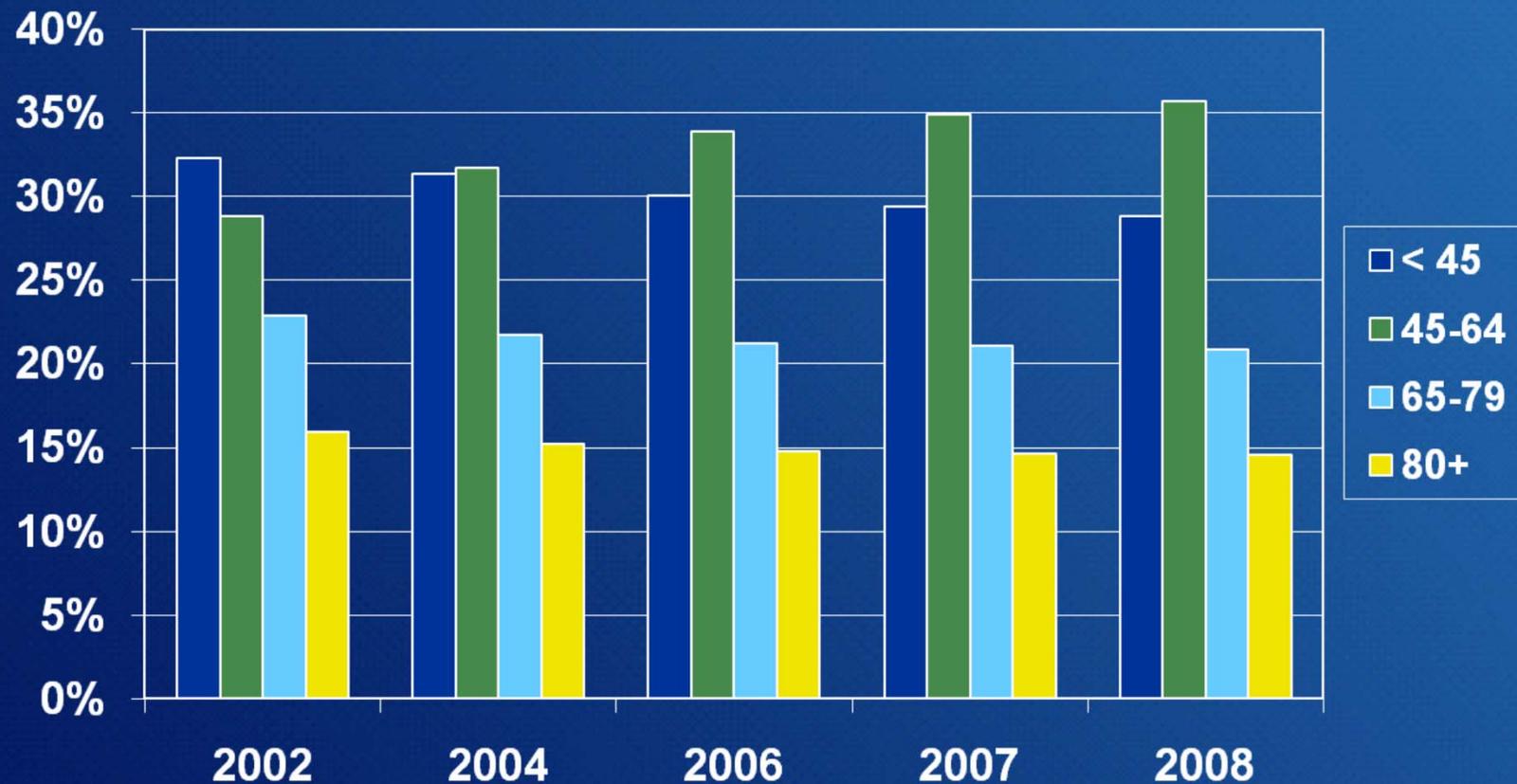
Source: MedPAC analysis of MedPAR data from CMS.

# Scatter bed patients

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- more likely to have comorbidities
- older
- more likely to be admitted through the ED
- shorter LOS
- more likely to be discharged to a SNF

# IPF discharges by age, 2002-2008



# IPF discharges by beneficiary race

| Diagnosis                                 | White | African American | Hispanic | Other |
|---|-------|------------------|----------|-------|
| All diagnoses                             | 77%   | 17%              | 3%       | 3%    |
| Psychosis                                 | 74    | 19               | 3        | 3     |
| Degenerative nervous system disorders     | 88    | 9                | 1        | 2     |
| Organic disturbances & mental retardation | 85    | 12               | 1        | 2     |
| Substance abuse                           | 80    | 16               | 2        | 3     |
| Depressive neurosis                       | 83    | 13               | 2        | 3     |