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DECEMBER 15, 2016



Medicare updates address Section 603 of the Bipartisan Budget Act of 2015 and the NOTICE Act

By Jena Grady and Carolyn Jacoby Gabbay

On December 5, 2016, CMS issued guidance reminding hospital providers to identify off-campus outpatient departments correctly on the CMS 855A enrollment form. Such guidance comes after CMS [issued its final rules](#) implementing the site-neutral payments provisions of Section 603 of the Bipartisan Budget Act of 2015. The rules provided, and the CMS guidance noted, that, effective January 1, 2017, non-excepted off-campus departments of hospital providers will be paid under the Medicare Physician Fee Schedule rather than under the Hospital Outpatient Prospective Payment System. Therefore, the guidance provided that “it is important for hospitals to ensure that an accurate address for each hospital department practice location is included on the CMS 855A enrollment form.” Along with the new payment rules, effective January 1, 2017, if a hospital claim is submitted with a facility location that is not included on the hospital’s CMS 855A enrollment form, the claim will be returned and will not be processed until the CMS 855A enrollment form and claims processing system is updated to show the facility location.

The CMS guidance (“Implementing Provider File Updates and PECOS to FISS Interface Via Extract File Updates to Accommodate Section 603 Bipartisan Budget Act of 2015”) can be found [here](#).

Beneficiary notice initiative: Medicare Outpatient Observation Notice (MOON)

On December 8, 2016, CMS released the OMB-approved version of the written Medicare Outpatient Observation Notice (MOON) and instructions to hospitals for providing the required oral and written notice to patients receiving observation services. Hospitals are required to use the MOON starting March 8, 2017.

The final rules implementing the Federal Notice of Observation Treatment and Implication for Care Eligibility Act (NOTICE Act) were issued on August 2, 2016, but CMS provided that the MOON would be approved for use at a later date. The OMB-approved MOON provides the written information that the NOTICE Act and final rule require hospitals to give patients. This information includes notifying patients that their observation stay is covered under Medicare Part B and that observation services may affect coverage and payment for skilled nursing facility (SNF) care. (Medicare will only cover SNF care after a minimum three-day inpatient stay, unless an SNF three-

Day Waiver from a qualified Medicare Shared Savings Program Accountable Care Organization applies.) Hospitals also must orally explain the MOON and its content and must document that the oral explanation was provided. The patient or his/her representative must sign the MOON to prove that they received and understood the notice.

While notice may be given earlier, hospitals must provide the MOON to a patient who receives observation services for more than 24 hours, and the notice must be furnished no later than 36 hours after observation services are initiated, or sooner if the patient is transferred, discharged or admitted to inpatient status.

The Beneficiary Notice Initiative, which provides the MOON and its instructions, can be found [here](#).

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