

# CLINICAL REGULATORY UPDATE

January | 2023

PharMerica

## 1-18-2023 CMS Memorandum: Erroneous Schizophrenia Coding

### Background

Revised guidance to LTCF surveyors was implemented on 10-24-2022, per CMS Phase 3 updates to the State Operations Manual Appendix PP. One point of emphasis made, under **F758**, was to residents potentially **misdiagnosed with a condition for which antipsychotics are an approved use**.

This additional survey scrutiny is supported by a 2022 OIG study – [Long-Term Trends of Psychotropic Drug Use in Nursing Homes](#) – that found increasing numbers of unsupported schizophrenia diagnoses (residents reported as having schizophrenia per MDS, but lacking corresponding diagnoses in Medicare claims and encounter data).

### Per the Memo

On 1-18-2023, CMS issued a [memorandum](#) advising of corresponding **audits of schizophrenia coding in the MDS data** and consequent **quality measure rating adjustments for erroneous schizophrenia coding**.

Quality measures (QMs) constitute one of three domains of the Nursing Home Compare Five-Star Quality Rating System. One such QM is the percentage of long-stay residents receiving antipsychotic drugs. This measure *excludes* residents with diagnoses of **schizophrenia, Huntington's disease, or Tourette syndrome**.

CMS states concern that “some nursing homes have erroneously coded residents as having schizophrenia, masking their true rate of antipsychotic medication use. Therefore, CMS will conduct offsite audits of schizophrenia coding and, based upon the results, adjust the quality measure star ratings for facilities whose audit reveals inaccurate coding.”

### CMS Provides the Following Details

- CMS will begin conducting offsite audits to assess facilities' MDS data accuracy – specifically the evidence for appropriately documenting, assessing, and coding a schizophrenia diagnosis in their MDS data.
- Facilities selected for an audit will receive a letter explaining the purpose of the audit, the process that will be utilized, and instructions for providing supporting documentation.
- Facilities with coding inaccuracies identified via audit will have their QM ratings adjusted as follows:
  - The Overall QM and long stay QM ratings will be downgraded to one star for six months (this drops the facility's overall star rating by one star).
  - The short stay QM rating will be suppressed for six months.
  - The long stay antipsychotic QM will be suppressed for 12 months.
- Self-Reporting: CMS may offer facilities the opportunity to forego the audit by admitting they have errors and committing to correct the issue.
  - For facilities that admit miscoding (after being notified by CMS that the facility will be audited, but prior to the start of the audit) CMS will consider a lesser action related to their star ratings than those listed above, such as suppression of the QM ratings (rather than downgrade).

### Facility Action Steps

- Engage stakeholders (psychiatric providers, medical directors, consultant pharmacists) to ensure implementation of appropriate professional standards and processes for diagnosing individuals with schizophrenia.
- Contact supporting [Quality Improvement Organizations](#) for additional resources, assistance, and tools.