



Correcting Payment of Inpatient Prospective Payment System (IPPS) Transfer Claims Assigned to Medicare Severity-Diagnosis Related Group (MS DRG) 385

MLN Matters Number: MM10145 **Revised**

Related Change Request (CR) Number: 10145

Related CR Release Date: September 13, 2017

Effective Date: January 1, 2018

Related CR Transmittal Number: R1918OTN

Implementation Date: January 2, 2018

Note: This article was revised on September 13, 2017, to reflect a revised CR. That CR removed a business requirement to the MACs. The CR release date, transmittal number, and link to the transmittal also changed. All other information is unchanged.

PROVIDER TYPE AFFECTED

This MLN Matters Article is intended for Inpatient Hospitals submitting transfer claims assigned to MS DRG 385 to Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries.

PROVIDER ACTION NEEDED

This article, based on CR 10145, informs the MACs about a correction to Medicare's Fiscal Intermediary Shared System (FISS) assignment of review code for Inpatient Prospective Payment System (IPPS) transfer claims assigned Medicare Severity Diagnosis Related Group (MS-DRG) 385, so that the IPPS Pricer will calculate the per diem transfer payment. Another correction allows Part A deductible, identified by a value code, on MSP same day transfer claims. Please be sure your billing staffs are aware of these corrections.

BACKGROUND

The Centers for Medicare & Medicaid Services (CMS) recently discovered that IPPS transfer claims classified into MS DRG 385 are receiving the full prospective payment as defined in 42 Code of Federal Regulations (CFR) 412.2(b), instead of the graduated per diem rate for each day of the patient's stay in that hospital, not to exceed the amount that would have been paid if the patient had been discharged to another setting (42 CFR 412.4 (f)).

Prior to October 1, 2007, transferring hospitals with discharges classified into DRG 385

(Neonates, Died or Transferred) had their payments calculated on the same basis as those receiving the full prospective payment because the weighting factors for this DRG assume that the patient will be transferred, since a transfer is part of the definition.

With the implementation of MS-DRGs in FY 2008, MS DRG 385 became inflammatory bowel disease with major complication or comorbidity (MCC). Since the definition of this MS DRG does not include a transfer, it should be subject to the transfer payment policy.

An unrelated correction also contained in this CR will allow Medicare covered and payable expenses paid by a primary payer and billed with the value code for Medicare Part A deductible

As a result, MACs will no longer bypass transfer logic when assigning review codes on IPPS claims classified into MS-DRG 385 with a discharge status code 02, 07, 66, 82, or 94 and the through date of service is equal to or later than 01/01/2018.

An unrelated correction also contained in this CR will allow the Part A deductible, identified by a value code, on Medicare Secondary Payer (MSP) same day transfer claims, as it currently does for regular MSP claims, for Medicare covered services that are paid by the primary payer.

CR 10145 contains no new policy. It improves the implementation of existing Medicare payment policies and allows the claims processing system to conform to 42 CFR 411.30 (b) which states, "Expenses for Medicare covered services that are paid for by primary payers are credited toward the Medicare Part A and Part B deductibles."

ADDITIONAL INFORMATION

The official instruction, CR10145, issued to your MAC regarding this change, is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2017Downloads/R1918OTN.pdf>.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Review-Contractor-Directory-Interactive-Map/>.

DOCUMENT HISTORY

Date of Change	Description
September 13, 2017	The article was revised to reflect a revised CR. That CR removed a business requirement to the MACs. The CR release date, transmittal number, and link to the transmittal also changed.
July 28, 2017	Initial Article Released

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