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MLN Matters® Number: MM7072

Related Change Request (CR) #: 7072

Related CR Release Date: February 11, 2011

Effective Date: April 1, 2011

Related CR Transmittal #: R2157CP

Implementation Date: April 4, 2011

Implementation of Edits for the Emergency Department (ED) Adjustment Policy under the Inpatient Psychiatric Facility Prospective Payment System (IPF PPS)

Note: This article was updated on December 10, 2012, to reflect current Web addresses. This article was previously revised on February 14, 2011, to reflect a revised CR 7072 issued on February 11, 2011. In this article, the CR release date, transmittal number, and the Web address for accessing the CR were revised. All other information is the same.

Provider Types Affected

Critical Access Hospitals (CAH) Inpatient Psychiatric Facilities (IPF) under the Prospective Payment System (PPS) submitting claims to Medicare contractors (fiscal intermediaries (FIs) and Medicare Administrative Contractors (MAC)) for services provided to Medicare beneficiaries are affected.

Provider Action Needed

This article is based on Change Request (CR) 7072, which implements system edits to verify that the Emergency Department (ED) adjustment policy is correctly applied. As specified in 42 CFR 412.424(d)(1)(v)(B), the ED adjustment is not made where an inpatient is discharged from an acute care hospital or Critical Access Hospital (CAH) and the date of such discharge is the same as the date of admission on a claim from the same hospital's or CAH's psychiatric unit. An ED adjustment is not made in these cases because the costs associated with ED

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services are reflected in the diagnosis-related group (DRG) payment to the acute care hospital or through the reasonable cost payment made to the CAH. Please ensure that your billing staffs are aware of this notice and of the need to properly code the source of admission code (of D) in these situations as noted in MLN Matters® article SE1020, which is at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/SE1020.pdf> on the Centers for Medicare & Medicaid Services (CMS) website.

Background

Section 124 of the Medicare, Medicaid, and State Children's Health Insurance Program (SCHIP) Balanced Budget Refinement Act of 1999 (BBRA) mandated that the Secretary of Health and Human Services develop a per diem Prospective Payment System (PPS) for inpatient hospital services furnished in psychiatric hospitals and psychiatric units. The IPF PPS was implemented January 2005. One aspect of the IPF PPS included an ED adjustment policy.

Recently, the Office of Inspector General drafted a report, entitled: Nationwide Review of Medicare Part A Emergency Department Adjustments for Inpatient Psychiatric Facilities for Calendar Years 2006 and 2007, (A-01-09-00504). Based on findings in this report, CMS is implementing edits for ED adjustments where the costs for the emergency department services are already covered by another Medicare payment.

Additional Information

If you have questions, please contact your Medicare carrier and/or MAC at their toll-free number which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website. The official instruction, CR 7072, issued to your Medicare carrier and/or MAC regarding this change may be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R2157CP.pdf> on the CMS website.

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