

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services



NEW products from the Medicare Learning Network® (MLN)

- ["Health Care Professional Frequently Used Web Pages,"](#) Educational Tool, ICN 908466, Downloadable only. (Posted June 2013)

MLN Matters® Number: MM8231

Related Change Request (CR) #: CR 8231

Related CR Release Date: July 26, 2013

Effective Date: October 7, 2013

Related CR Transmittal #: R12660TN

Implementation Date: October 7, 2013

## Common Working File (CWF) Informational Unsolicited Response (IUR) for Hospital to Hospital Transfers

### Provider Types Affected

This MLN Matters® Article is intended for hospitals submitting claims to Medicare contractors (Fiscal Intermediaries (FIs) and A/B Medicare Administrative Contractors (MACs)) for services to Medicare beneficiaries.

### What You Need to Know

This article is based on Change Request (CR) 8321, which will cause Medicare's Common Working File (CWF) to recognize situations where hospital A submits an Inpatient Prospective Payment System (IPPS) claim which indicates that the patient was discharged to home, when in fact, the patient was transferred to hospital B. When hospital A's claim indicates that the patient is being discharged to home they will be paid at the full Medicare Severity Diagnosis Related Group (MS-DRG) rate, which results in an overpayment. This improvement to Medicare's claims processing system will ensure that payments to both hospitals accurately reflect the IPPS transfer policy. **There is no new policy in CR8231.** The claims processing systems are being updated to ensure that the current policies are applied to claims.

#### Disclaimer

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## Background

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The Centers for Medicare & Medicaid Services (CMS) Recovery Auditor program is responsible for identifying and correcting improper payments in the Medicare Fee-For-Service (FFS) payment process. The contractor claim data identified inpatient claims that were improperly reported as a discharge to home rather than as a transfer to another hospital, resulting in an overpayment to the transferring hospital. When a transferring IPPS hospital indicates to Medicare that the patient is being discharged to home, the transferring hospital receives a full MS-DRG payment. In these cases, the transferring hospital should receive reimbursement per the CMS-defined per diem rate logic when transferring a patient to another acute care facility. An overpayment may exist when both hospitals (the transferring hospital and the final discharging hospital) receive full MS-DRG payments.

The "Medicare Claims Processing Manual," Chapter 03, Section 20.1.2.4, states that for transfers between IPPS hospitals, the transferring hospital is paid based upon a per diem rate. The transferring hospital may be paid a cost outlier payment. The outlier threshold for the transferring hospital is equal to the outlier threshold for non-transfer cases, divided by the geometric mean length of stay for the DRG, multiplied by a number equal to the length of stay for the case plus one day. The payment to the final discharging hospital is made at the full prospective payment rate.

The same manual, Chapter 03, Section 40.2.4, states that a discharge of a hospital inpatient is considered to be a transfer if the patient is admitted the same day to another hospital. A transfer between acute inpatient hospitals occurs when a patient is admitted to a hospital and is subsequently transferred from the hospital where the patient was admitted to another hospital for additional treatment once the patient's condition has stabilized or a diagnosis established.

The relevant chapter of the "Medicare Claims Processing Manual" is available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c03.pdf> on the CMS website.

## Additional Information

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The official instruction, CR8231, issued to your Medicare contractor regarding this change may be viewed at <http://www.cms.hhs.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R1266OTN.pdf> on the CMS website.

If you have any questions, please contact your Medicare contractor 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.

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