



As a result of the Affordable Care Act (ACA), claims with dates of service on or after January 1, 2010, received later than one calendar year beyond the date of service will be denied by Medicare. For full details, see the MLN Matters® article, MM6960, at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/MM6960.pdf> on the Centers for Medicare & Medicaid Services website.

MLN Matters® Number: SE1020

Related Change Request (CR) #: 3881

Related CR Release Date: N/A

Effective Date: N/A

Related CR Transmittal #: N/A

Implementation Date: N/A

Reminder to Inpatient Psychiatric Facilities (IPFs) to use Source of Admission Code D for Patient Transfers within the Same Facility

Note: This article was revised on November 7, 2014, to add a reference to MLN Matters® article SE1401, which is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/SE1401.pdf> for further explanation and case studies related to the use of Code D and also to learn that Source of Admission Codes have been renamed Point of Origin for Admission or Visit Codes. All other information is unchanged.

Provider Types Affected

IPFs submitting claims involving inpatient transfers within the same facility to Medicare Fiscal Intermediaries (FIs) or Part A/B Medicare Administrative Contractors (A/B MACs) are affected.

Provider Action Needed

The Centers for Medicare & Medicaid Services (CMS) is issuing Special Edition (SE) 1020 to emphasize the importance of **using source-of-admission code D to identify beneficiaries who were discharged from the acute-care section of the same hospital.** When there is a **transfer within the same inpatient facility, this code D** ensures that the hospital-based IPF does not receive an additional payment for the costs of

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emergency department services that Medicare covers in its payment to the acute-care hospital. Be certain your billing staffs are aware of this policy.

Background

In May of 2010 the Office of the Inspector General (OIG) issued the *Nationwide Review of Medicare Part A Emergency Department Adjustments for Inpatient Psychiatric Facilities During Calendar Years 2006 and 2007* and the report notes that many IPFs were not aware that source-of-admission code D existed.

Under the Medicare prospective payment system for IPF, CMS makes an additional payment to an IPF for the first day of a beneficiary's stay to account for emergency department costs if the IPF has a qualifying emergency department. CMS makes this payment to every IPF that has a qualifying emergency department, regardless of whether the beneficiary was admitted through the emergency department. However, CMS does not make this payment if the beneficiary was discharged from the acute-care section of a hospital to its own hospital-based IPF. In that case, the costs of emergency department services are covered by the Medicare payment that the hospital receives for the beneficiary's immediately preceding inpatient stay.

Key Points

- CMS designated source-of-admission code D for a hospital-based IPF to enter on its Medicare claim form to indicate that the beneficiary was admitted from the acute-care section of the same hospital.
- This code is designed to ensure that the hospital-based IPF does not receive an additional payment for the costs of emergency department services that Medicare covers in its payment to the acute-care hospital.
- In April of 2006 CMS issued change request (CR) 3881 and the accompanying MLN Matters® article MM3881 for claims involving transfer within the same facility. That article may be reviewed at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/MM3881.pdf> on the CMS website.

Be aware that the OIG points out that Medicare contractors should try to determine the extent to which FIs, MACs and the Medicare claims processing systems properly adjudicated claims that should have used source-of-admission code D and recover overpayments.

Additional Information

You may want to review MLN Matters® article MM7072, which is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network->

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[MLN/MLNMattersArticles/downloads/MM7072.pdf](#), which advises IPF providers of the additional edits to verify that the Emergency Department Adjustment Policy under the IPF Prospective Payment System is correctly applied.

If you have 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. To read the entire *Nationwide Review of Medicare Part A Emergency Department Adjustments for Inpatient Psychiatric Facilities During Calendar Years 2006 and 2007 (A-01-09-00504)*, you may go to <http://oig.hhs.gov/oas/reports/region1/10900504.pdf> on the Internet.

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