



July 2020 Quarterly Update to the Inpatient Prospective Payment System (IPPS) Fiscal Year (FY) 2020 Pricer

MLN Matters Number: MM11764

Related Change Request (CR) Number: 11764

Related CR Release Date: April 24, 2020

Effective Date: January 27, 2020

Related CR Transmittal Number: R10058CP

Implementation Date: July 6, 2020

PROVIDER TYPES AFFECTED

This MLN Matters Article is for hospitals billing Medicare Administrative Contractors (MACs) for inpatient services provided to Medicare beneficiaries during the Novel Coronavirus Disease (COVID-19) emergency period.

PROVIDER ACTION NEEDED

CR 11764 updates the Fiscal Year (FY) 2020 Inpatient Prospective Payment System (IPPS) Pricer software used in Original Medicare claims processing. The new version includes new payment policy for individual diagnosed with COVID-19. Please be sure your billing staffs are aware of these updates.

BACKGROUND

In response to the declaration of the COVID-19 outbreak as a Public Health Emergency (PHE), the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136), enacted on March 27, 2020, provides temporary payment policy for certain IPPS claims. CR 11764 requires the maintainer of the Fiscal Intermediary Shared System (FISS) to install the new IPPS Pricer software reflecting this temporary payment policy. All items covered in CR 11764 are effective for hospital discharges occurring on or after January 27, 2020. The new revised Pricer program, released April 2020, will be installed timely to ensure accurate payments for IPPS claims.

Section 3710 of the CARES Act directs the Secretary of Health and Human Services to increase the weighting factor of the assigned Diagnosis-Related Group (DRG) by 20 percent for an individual diagnosed with COVID-19 discharged during the COVID-19 PHE period. Discharges of an individual diagnosed with COVID-19 will be identified by the presence of the following International Classification of Diseases, Tenth Revision, Clinical Modification (ICD-10-CM) diagnosis codes:

- B97.29 (Other coronavirus as the cause of diseases classified elsewhere) for discharges occurring on or after January 27, 2020, and on or before March 31, 2020.
- U07.1 (COVID-19) for discharges occurring on or after April 1, 2020, through the duration of the COVID-19 public health emergency period.

Additional instructions will be issued once the COVID-19 public health emergency period has concluded.

Providers may use the following ICD-10-CM coding guidance for coding encounters related to COVID-19:

- For discharges on or after April 1, 2020, use the ICD-10-CM Official Coding and Reporting Guidelines at <https://www.cdc.gov/nchs/data/icd/COVID-19-guidelines-final.pdf>
- For discharges prior to April 1, 2020, use the ICD-10-CM Official Coding Guideline - Supplement, available at <https://www.cdc.gov/nchs/data/icd/ICD-10-CM-Official-Coding-Guidance-Interim-Advice-coronavirus-feb-20-2020.pdf>

To implement this temporary adjustment, the Pricer software will apply an adjustment factor to increase the Medicare Severity-Diagnosis Related Group (MS-DRG) relative weight that would otherwise be applied by 20 percent when determining IPPS operating payments, which includes the calculation of payments such as for Disproportionate Share Hospitals (DSHs), Indirect Medical Education (IME), outliers, new technologies, and low-volume hospitals and the hospital specific rates for Sole Community Hospitals (SCHs) and Medicare-Dependent Hospitals (MDHs) for discharges described above.

For claims processed prior to implementation of CR 11764, your MAC will identify and reprocess IPPS claims with the following criteria:

- A diagnosis code of B97.29 (in any diagnosis code field) and
- A discharge date on or after January 27, 2020, through March 31, 2020

OR

- A diagnosis code of U07.1 (in any diagnosis code field) and
- A discharge date on or after April 1, 2020, through the successful implementation of the new Pricer software

Your MAC will initiate this reprocessing of claims by June 1, 2020.

ADDITIONAL INFORMATION

The official instruction, CR 11764, issued to your MAC regarding this change, is available at <https://www.cms.gov/files/document/r10058CP.pdf>.

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

DOCUMENT HISTORY

Date of Change	Description
April 24, 2020	Initial article released.

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