Medicare Learning Network
MLN Matters
CMS CENTERS for MEDICARE & MEDICAID SERVICES
Information for Medicare Fee-for-Service Health Care Professionals

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Implementation Date: July 6, 2004

Expansion of Transfer Policy Under Inpatient Prospective Payment System

Note: This article was revised to contain Web addresses that conform to the new CMS web site and to show they are now MLN Matters articles. All other information remains the same.

Provider Types Affected

Hospitals paid under the Inpatient Prospective Payment System (IPPS).

Provider Action Needed

Affected hospitals should note that this instruction clarifies the policy of the Centers for Medicare & Medicaid Services (CMS) regarding the transfer of patients between acute inpatient hospitals and it implements a new policy on acute hospital transfer for patients who leave against medical advice (LAMA).

Background

A transfer between acute inpatient hospitals occurs when a patient is admitted to a hospital and is subsequently transferred to another hospital for additional treatment once the patient's condition has stabilized or a diagnosis is established. A summary of the transfer policy is as follows:

Transfers Between Inpatient Prospective Payment System (IPPS) Hospitals

The full prospective payment is made to the final discharging hospital, and payment to the transferring hospital is based upon a per diem rate. The per diem rate equals the prospective payment rate divided by the average length of stay for the specific DRG into which the case falls and multiplied by the patient's length of stay at the transferring hospital.

Also, patients who leave an IPPS hospital against medical advice (LAMA), but are admitted to another IPPS hospital on the same day, will be treated as transfers, and the transfer payment policy will apply . CMS will implement this policy on July 6, 2004.

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Transfers from an IPPS Hospital to Hospitals or Units Excluded from IPPS

The full inpatient prospective payment is made to the transferring hospital when a patient is transferred to a hospital or unit excluded from IPPS. The receiving hospital is paid on the basis of reasonable costs or prospective payment. (See exceptions in the next section.)

IPPS Transfers – Post-acute Care Transfers (Previously Special 10 DRG Rule)

For discharges occurring on or after October 1, 1998, a discharge of a hospital inpatient is considered to be a transfer for purposes of this part when the patient's discharge is assigned, as described in 42 CFR 412.4(c), to one of the qualifying Diagnosis-Related Groups (DRGs) in the following section and the discharge is made under any of the following circumstances:

- To a hospital or distinct part hospital unit excluded from the inpatient prospective payment system (under subpart B of 42 CRF 412). Some facilities excluded from IPPS are:
  - Inpatient rehabilitation facilities and units
  - Long term care hospitals
  - Psychiatric hospitals and units
  - Children's hospitals
  - Cancer hospitals;
- To a skilled nursing facility;
- To home with a written plan of care for the provision of home health services and those services begin within three days after the date of discharge.

Qualifying DRGs

- The original qualifying DRGs for purposes of the previous section (IPPS Transfers – Post acute Care Transfers) are DRGs 14, 113, 209, 210, 211, 236, 263, 264, 429, and 483.
- Effective October 1, 2003, DRGs 263 and 264 are deleted from the post-acute care transfer policy.
- Effective for discharges on or after October 1, 2003, the following DRGs were added to the policy: 12, 24, 25, 88, 89, 90, 121, 122, 127, 130, 131, 239, 277, 278, 294, 296, 297, 320, 321, 395, and 468.

Please note that these systems changes are effective upon the implementation date of July 6, 2004, not the discharge date.

Also note that the Arkansas Part A Standard System (APASS) maintainer and associated Fiscal Intermediaries (FIs) are waived from implementing this instruction on July 6, 2004, due to their upcoming transition to the Fiscal Intermediary Shared System (FISS) system. However, they must implement this requirement upon transitioning to the FISS system. Barring any unforeseen delays, these transitions to the FISS system will occur before July 6, 2004 and , therefore, this change will apply to all FIs and their providers.

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Implementation

The implementation date is July 6, 2004.

Additional Information

The *Medicare Claims Processing Manual* (Pub 100-4), Chapter 3 (Inpatient Hospital Billing), section 40.2.4 (IPPS Transfers Between Hospitals) will contain these revised instructions at a future date, closer to the date of implementation. The *Medicare Claims Processing Manual* (Pub 100-4) can be found at http://www.cms.hhs.gov/Manuals/IOM/list.asp#TopOfPage on the CMS web site.

The official instruction issued to your fiscal intermediary regarding this change may be found at http://www.cms.hhs.gov/Transmittals/downloads/R87CP.pdf on the CMS web site.

If you have any questions, please contact your intermediary at their toll-free number, which may be found at http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.pdf on the CMS web site.

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