



News Flash - The April 2009 version of the *Medicare Disproportionate Share Hospital Fact Sheet* is now available in downloadable format from the Centers for Medicare & Medicaid Services Medicare Learning Network at http://www.cms.hhs.gov/MLNProducts/downloads/2009_mdsh.pdf on the CMS website. This fact sheet provides information about methods to qualify for the Medicare Disproportionate Share Hospital (DSH) adjustment; Medicare Prescription Drug, Improvement, and Modernization Act of 2003 and Deficit Reduction Act of 2005; number of beds in hospital determination; and Medicare DSH payment adjustment formulas.

MLN Matters Number: MM6086

Related Change Request (CR) #: 6086

Related CR Release Date: June 13, 2008

Effective Date: October 1, 2008

Related CR Transmittal #: R3540TN

Implementation Date: October 6, 2008

Hospitals Exempt from Present on Admission (POA) Reporting (i.e. non-Inpatient Prospective Payment System (IPPS) Hospitals) and the Grouper

Provider Types Affected

IPPS exempt hospitals submitting claims to Medicare contractors (Fiscal Intermediaries (FIs), and/or Part A/B Medicare Administrative Contractors (A/B MACs)) for services provided to Medicare beneficiaries.

Provider Action Needed



STOP – Impact to You

This article is based on Change Request (CR) 6086 which provides updated information to hospitals that are exempt from Present on Admission (POA) reporting, but still report the POA.

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This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

**CAUTION – What You Need to Know**

Although POA reporting is not required for IPPS exempt hospitals, their claims still process through Grouper. Some exempt hospitals report the POA, however, due to other payer requirements or business needs. When exempt hospitals report the POA, they must include an “X” to indicate the end of POA reporting in the K3 segment of the claim. The ‘X’ indicator will prevent Grouper from applying Hospital Acquired Condition (HAC) logic to the claim.

**GO – What You Need to Do**

See the Background and Additional Information Sections of this article for further details regarding these changes.

Background

The Deficit Reduction Act (DRA) of 2005 (Section 5001(c); see <http://www.cms.hhs.gov/LegislativeUpdate/downloads/DRA0307.pdf> on the CMS website) requires the Centers for Medicare & Medicaid Services (CMS) to identify (by October 1, 2007) at least two conditions that:

- Are high cost or high volume or both,
- Result in the assignment of a case to a DRG that has a higher payment when present as a secondary diagnosis, and
- Could reasonably have been prevented through the application of evidence based guidelines.

For discharges occurring on or after October 1, 2008, hospitals will not receive additional payment for cases in which one of the selected conditions was not present on admission. That is, the case would be paid as though the secondary diagnosis were not present.

The DRA (Section 5001(c)):

- Provides that CMS can revise the list of conditions from time to time, as long as it contains at least two conditions; and
- Requires hospitals to report ‘present on admission (POA)’ information for both primary and secondary diagnoses when submitting claims for discharges on or after October 1, 2007.

CR 5679 (Transmittal R2890TN, dated July 20, 2007) provided information on the requirements for completing a Present On Admission (POA) Indicator for every diagnosis on an inpatient acute care hospital claim beginning with discharges on or after October 1, 2007, and provides your Medicare contractor with the coding and editing requirements, and software modifications needed to successfully

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implement this indicator. You can review CR5679 at <http://www.cms.hhs.gov/Transmittals/downloads/R289OTN.pdf> on the CMS website.

Exempt providers that report POA information (due to other payer requirements or any other business need) must include an 'X' to indicate the end of POA reporting in the K3 segment. The 'X' is necessary so that IPPS grouper software will not apply Hospital-Acquired Condition (HAC) Diagnosis Related Group (DRG) logic to these claims.

Note: Effective October 1, 2008, FISS will automatically replace any reported 'Z' indicator with an 'X' for providers exempt from reporting POA. **However, exempt providers should begin to report an 'X' to indicate the end of POA reporting as soon as possible.**

Additional Information

The official instruction, CR 6086, issued to your FI and A/B MAC regarding this change may be viewed at <http://www.cms.hhs.gov/Transmittals/downloads/R354OTN.pdf> on the CMS website.

If you have any questions, please contact your FI or A/B MAC at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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