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**Authorized Signature**

**Number:** DMAP- IM-10-144

**Issue Date:** 12/06/2010

**Topic:** Medical Benefits

**Subject:** Provider announcement: Inpatient claims for Hospital Acquired Conditions

**Applies to (check all that apply):**

- |  |   |
|--|---|
| <input type="checkbox"/> All DHS employees             | <input type="checkbox"/> County Mental Health Directors   |
| <input type="checkbox"/> Area Agencies on Aging        | <input type="checkbox"/> Seniors and People with Disabilities   |
| <input type="checkbox"/> Children, Adults and Families | <input checked="" type="checkbox"/> Other (please specify): DHS staff and others identified on the SPD, CAF, AMH and DMAP transmittal lists |
| <input type="checkbox"/> County DD Program Managers    |   |

**Message:**

DMAP will post the following announcement on the [OHP Provider Announcements](#) page and distribute via eSubscribe, Provider Web Portal messages and a banner message on outgoing paper remittance advices.

It explains that starting Jan. 1, 2011, DMAP will deny or suspend inpatient hospital claims that bill for procedures to treat Hospital Acquired Conditions (HACs, also known as “never events”).

- These are certain conditions that were not present or recognized when the patient was admitted to the hospital, and that the hospital could have reasonably prevented (*e.g.*, surgical site infections).
- This change is consistent with the Centers for Medicare and Medicaid Services (CMS) practice in processing Medicare claims, which the Patient Protection and Affordable Care Act now mandates for all state Medicaid agencies.

You can read the proposed rule about this change on DMAP’s Notices of Proposed Rulemaking page at [www.dhs.state.or.us/policy/healthplan/rules/notices.html#hospital](http://www.dhs.state.or.us/policy/healthplan/rules/notices.html#hospital).

*If you have any questions about this information, contact:*

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# ***Hospital providers***

## **Starting Jan. 1, DMAP will deny or suspend inpatient claims for Hospital Acquired Conditions**

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Starting Jan. 1, 2011, the Division of Medical Assistance Programs (DMAP) will no longer cover Hospital Acquired Conditions for inpatient hospital claims with dates of admission on or after Jan. 1, 2011.

- This change only applies to DRG inpatient hospitals and Type A/B Non-Critical Access Hospitals.
- Critical Access Hospitals, children's inpatient facilities, inpatient psychiatric hospitals, Veterans Administration/Department of Defense hospitals, long-term care hospitals and cancer hospitals are not affected by this change.

This change is one of the measures DMAP has taken to help the state with its current budget shortfall. It is also required by the federal Patient Protection and Affordable Care Act. We appreciate your continued support of the Oregon Health Plan and the services you provide our clients in these difficult times.

### **What are Hospital Acquired Conditions?**

Hospital Acquired Conditions (HACs) are conditions that are reasonably preventable and were not present or identified at the time of admission. The 10 categories of HACs identified by the federal Centers for Medicare and Medicaid Services (CMS) include:

- Foreign Object Retained After Surgery
- Air Embolism
- Blood Incompatibility
- Stage III and IV Pressure Ulcers
- Falls and Trauma: Fractures, dislocations, intracranial injuries, crushing injuries, burns and electric shock
- Manifestations of Poor Glycemic Control: Diabetic ketoacidosis, nonketotic hyperosmolar coma, hypoglycemic coma, secondary diabetes with ketoacidosis, secondary diabetes with hyperosmolarity
- Catheter-Associated Urinary Tract Infection
- Vascular Catheter-Associated Infection
- Surgical Site Infection: Following coronary artery bypass graft (mediastinitis), bariatric surgery, or orthopedic procedures
- Deep Vein Thrombosis/Pulmonary Embolism: Following total knee replacement or hip replacement

For a CMS fact sheet that lists the related ICD-9 codes identifying major complicating conditions and complicating conditions for each HAC category, go to the CMS Web site at [www.cms.gov/HospitalAcqCond/downloads/HACFactsheet.pdf](http://www.cms.gov/HospitalAcqCond/downloads/HACFactsheet.pdf).

## Changes to inpatient hospital billing

For inpatient claims with dates of admission on or after Jan. 1, 2011, you will need to enter the Present on Admission (POA) indicator for all diagnoses on the claim. The following table explains where to enter diagnosis code and POA indicator for each diagnosis on paper, Provider Web Portal, and Electronic Data Interchange (EDI) claims.

	<b>Paper (FL 67 A-Q)</b>	<b>Web (Diagnosis panel)</b>	<b>EDI (837I - 2300 loop)</b>
<b>Diagnosis code</b>	Unshaded area Make sure there is a leading space before the code you are entering (example below).	"Diagnosis" field	Segment HI, data element HI01
<b>POA Indicator</b>	Shaded area	"Present on Admission" field	Segment K3, data element K301

### Example - FL 67 on paper claims

66 DX	↑	#####	Y												
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The leading space ensures that the POA indicator is linked to the code preceding it, not the one following it.

## Changes to inpatient claim processing

Starting Jan. 1, DMAP will process affected inpatient claims as follows:

- DRG inpatient claims with HAC diagnoses flagged with an "N" or "U" indicator will pay at a lower DRG rate.
- Type A/B inpatient claims with HAC diagnoses flagged with an "N" or "U" indicator will suspend for manual review.

<b>POA Indicator</b>	<b>Description</b>	<b>HAC covered?</b>
Y	Diagnosis was present at time of inpatient admission.	Yes
N	Diagnosis was not present at time of inpatient admission.	Deny or suspend
U	Documentation insufficient to determine if condition was present at the time of inpatient admission.	
W	Clinically undetermined. Provider unable to clinically determine whether the condition was present at the time of inpatient admission.	Yes

For claims that deny or suspend due to a missing, invalid, "N" or "U" POA indicator on a HAC diagnosis:

- The paper remittance advice will list Explanation of Benefit message 0633 (Invalid POA indicator specified on diagnosis).
- The 835 (Electronic Remittance Advice) and Provider Web Portal will list Adjustment Reason Code 233 (Services/charges related to the treatment of a hospital-acquired condition or preventable medical error).

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## Questions?

If you have any questions about this announcement or the Provider Web Portal, call the Provider Services Unit at 1-800-336-6016, Monday through Thursday from 8:30 a.m. to 4:30 p.m. and 10 a.m. to 4:30 p.m. on Friday.