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# Program Memorandum Intermediaries

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Transmittal A-03-065

Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)  
Date: AUGUST 1, 2003

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CHANGE REQUEST 2716

**SUBJECT: New Common Working File (CWF) Edits to Ensure Accurate Coding and Payments for Discharge and/or Transfer Policies Under the Inpatient Prospective Payment System (IPPS)**

## I. GENERAL INFORMATION

### A. Background:

The Office of the Inspector General (OIG) completed a report entitled “Review of Medicare Same-Day, Same-Provider Acute Care Readmissions in Pennsylvania During the Calendar Year 1998” (Common Identification #A-03-01-0001). The OIG recommended that CMS do the following:

- Conduct a nationwide review of CY 2001 same-day, same-provider readmissions to determine if similar billing errors exist; and
- Consider the feasibility of establishing an edit check in the fiscal intermediaries’ (FIs) claims processing system to identify for review all same-day, same-provider acute care readmissions where the beneficiary was coded as being discharged to another provider before being readmitted.

The OIG also completed a report entitled “Compliance with Medicare’s Post-acute Care Transfer Policy for Fiscal Year 2000” (A-04-02-07005). In the report, the OIG recommended CMS to do the following:

- Establish CWF edits to compare applicable inpatient claims with post-acute claims that will allow erroneous claims to be reviewed and appropriate adjustments to be made on an ongoing basis to the discharging hospital’s inpatient claim.

In response to the OIG reports, this Program Memorandum announces new CWF edits to identify all same-day, same-provider acute care readmissions where the claim is coded as being discharged to another provider before being admitted. In addition, CWF edits are also being created to compare applicable inpatient claims with subsequent post-acute claims.

### B. Policy:

Regulation regarding discharges and transfers for inpatient hospital paid under PPS are found at 42 CFR 412.4.

## II. BUSINESS REQUIREMENTS

Requirement #	Requirements	Resp.
2716.1	The CWF shall ensure accurate payment for beneficiaries readmitted to the same IPPS provider on the same day.	CWF
2716.1.1	The CWF shall create an edit that checks the incoming claim's admission date to the history discharge date for the same provider except when patient status code is 30.	CWF
2716.1.2	The CWF shall create an edit that checks the incoming claim's discharge date to the history admission date for the same provider.	CWF
2716.1.3	The CWF shall reject subsequent claims with the same PPS provider on the same day.	CWF
2716.1.3.1	The CWF shall send rejected claims to the Medicare contractor.	CWF
2716.1.3.2	The fiscal intermediaries shall return claims to the IPPS provider for adjustment.	FIs
2716.2	The CWF shall ensure accurate coding of patient status codes.	CWF
2716.2.1	The CWF shall check the incoming claim's admission* date to the history discharge date to ensure appropriate use of the patient status code.	CWF
2716.2.1.1	The CWF shall accept the incoming claim and send an informational unsolicited response to the fiscal intermediary on the history claim if the patient status code does not match the incoming provider number.	CWF
2716.2.1.2	The fiscal intermediaries shall cancel the history claim to the provider.	FIs
2716.2.2	The CWF shall check the incoming claim's discharge date to the history admission* date to ensure the appropriate use of the patient status code on the incoming claim.	CWF
2716.2.2.1	The CWF shall reject the incoming claim because the patient status code does not match the provider number.	CWF
2716.2.2.2	The fiscal intermediaries shall return the incoming claim to the provider for correction of the patient status code.	FIs

**NOTE:** A list of transfer scenarios along with CWF and contractor actions are provided in Attachment.

\* For transfers to Home Health Agencies, the home health stay can begin within three days of an inpatient discharge. A SNF stay can begin within fourteen days of an inpatient discharge.

### III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

#### A. Other Instructions:

X-Ref Requirement #	Instructions
	N/A

#### B. Design Considerations:

X-Ref Requirement #	Recommendation for Medicare System Requirements
	N/A

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. ATTACHMENT(S): One

Version: 6/16/03	Effective Date: January 1, 2004
Implementation Date: January 1, 2004	Funding: These instructions should be implemented within your current operating budget.
Discard Date: January 1, 2005	
Post-Implementation Contact: Regional Offices	Pre-Implementation Contact: Joseph Bryson, 410-786-2986, <a href="mailto:JBryson2@cms.hhs.gov">JBryson2@cms.hhs.gov</a>

## Attachment

Transfer scenarios along with CWF and contractor actions are listed below.

	Type of Bill	Dates of Service	Patient Status Code
<b>Example #1</b>			
History Claim	11X	1/1/03 – 1/5/03	63
Incoming Claim (LTCH) <sup>1</sup>	11X	1/5/03 – 2/1/03	62
CWF action	CWF will accept both claims		
<b>Example #2</b>			
History Claim (from IRF <sup>2</sup> provider)	11X	1/5/03 – 1/16/03	01
Incoming Claim	11X	1/1/03 – 1/5/03	62
CWF action	CWF will accept both claims		
<b>Example #3</b>			
History Claim	11X	1/1/03 – 1/5/03	63
Incoming Claim (Provider # XX-Txxx)	11X	1/5/03 – 1/16/03	N/A
CWF action	Accept the incoming claim and send an informational unsolicited response to the contractor of the history claim		
Contractor action	Cancel the history claim to the provider for correction of patient status code to 62		
<b>Example #4</b>			
History Claim	11X	1/1/03 – 1/5/03	01
Incoming Claim (Provider # XX-Txxx)	11X	1/5/03 – 1/16/03	N/A
CWF action	Accept incoming claim and send an unsolicited response to the contractor of the history claim		
Contractor action	Cancel the history claim to the provider for correction of patient status code to 62		
<b>Example #5</b>			
History Claim	21X	1/5/03 – 2/1/03	01
Incoming Claim	11X	1/1/03 – 1/5/03	01
CWF action	Reject incoming inpatient claim		
Contractor action	Return claim to provider for correction		

<sup>1</sup> Long-Term Care Hospital

<sup>2</sup> Inpatient Rehabilitation Facility