

Admission Order Required Before Inpatient Procedure

Prepared by Steven J. Meyerson, M.D.
Vice President of Regulations and Education Group
AccretivePAS®
231 S LaSalle St, Suite 1600
Chicago, IL 60604
smeyerson@accretivehealth.com

CMS Manual System Pub 100-04 Medicare Claims Processing Transmittal 2234

**Department of Health
& Human Services (DHHS)**

**Centers for Medicare
& Medicaid Services (CMS)**

7. Payment Window for Outpatient Services Treated as Inpatient Services

We are adding section 10.12 to the Medicare Claims Processing Manual, Pub. 100-04, Chapter 4, to reflect the regulatory and statutory policy changes outlined in CR 7142. We are also revising section 180.7 of the Claims Processing Manual, Pub. 100-04, Chapter 4, to clarify that CMS will not pay for “inpatient-only” procedures that are provided to a patient in the outpatient setting on the date of the patient’s inpatient admission or during the 3 calendar days (or 1 calendar day for a non-subsection (d) hospital) preceding the date of the inpatient admission that would otherwise be deemed related to the admission.

“It is important ... to ensure an inpatient admission order is present in the medical record to designate that the patient is an inpatient prior to the patient receiving the inpatient only procedure... When a record is reviewed and the order was obtained after the inpatient only procedure, the procedure must be removed from the DRG grouping. The hospital will not receive payment for the procedure since the procedure will not be included in the DRG grouping [Part A] and cannot be billed under Part B.”

TMF Health Quality Institute (Texas QIO)

“CMS clarifies that physician orders to admit a patient to an observation bed are not equal to admission to inpatient care, and therefore, a hospital will not be reimbursed if an inpatient only procedure was performed on the observation patient.”

Michigan Hospital Association: Letter to Hospital Chief Executive Officers, November 15, 2002; Subject: Final Medicare 2003 Outpatient Rule

“A patient is considered an inpatient only after a physician issues an order for inpatient admission. A written physician order for inpatient admission must precede an inpatient-only procedure, according to the Medicare Claims Processing Manual, Chapter 3, Section 40.2.2K. [“A patient of an acute care hospital is considered an inpatient upon

issuance of written doctor's orders to that effect."] If the physician doesn't issue the order until afterward, the hospital could be denied payment. Medicare considers orders written after the surgery to be backdated."

Personal Correspondence, TMF Health Quality Institute, 12/7/10

"Does the decision to admit a patient preplanned inpatient procedure require a written dated and timed order to admit pre-procedure versus post-procedure? And the answer is yes."

WPS Medicare: "Ask the Contractor: Inpatient Admission Decisions" Feb 8, 2012

"It is important that a system is in place to ensure an inpatient admission order is present in the medical record to designate that the patient is an inpatient prior to the patient receiving the inpatient only procedure. When a record is reviewed and the order was obtained after the inpatient only procedure the procedure must be removed from the DRG grouping. The hospital will not receive payment for the procedure since the procedure will not be included in the DRG grouping and cannot be billed under Part B."

Federal Register, November 10, 2005, Outpatient Prospective Payment System Final Rule

"...Inpatient-only" procedures that are provided to a patient in the outpatient setting on the date of the patient's inpatient admission or during the 3 calendar days (or 1 calendar day for a non-subsection (d) hospital) preceding the date of the inpatient admission that would otherwise be deemed related to the admission are not paid for by CMS. Providers should bill for these services on a no-pay claim (Type of Bill (TOB) 110)

Claims Processing Manual, Pub. 100-04, Chapter 4, Sec 180.7 and Sec 10.12