



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

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COMPLIANCE ALERT 10-18

New Billing Rules for Non-Covered Procedures for Medicare Claims goes into Effect April 2, 2010

CMS will implement new rules for how providers may submit bills for non-covered items or services. The effective date is April 2, 2010.

Hospitals may still provide non-covered items and services as part of an inpatient hospital stay where covered items and services are also provided. However, the billing process will change under the revised Claims Processing Manual published in January and effective April 1, 2010. The revised rules direct hospitals to separate a hospital stay into two claims where both covered and non-covered ICD-9 CM procedure codes are reported.

Therefore, effective for inpatient discharges April 1, 2010, hospitals must only seek payment for covered services by removing non-covered procedure codes and related charges from the payable Type of Bill (TOB) 11X. If a hospital wishes to bill non-covered procedures and related non-covered charges for purposes other than seeking Medicare reimbursement (e.g., getting a Medicare denial), the hospital may submit such services and charges on a TOB 110 (no-pay claim). The non-covered claim must be billed with the same "Statement Covers Period (From and Through date)" as the payable TOB 11X submitted for the same stay.

Differentiating between covered and non-covered costs may be difficult. So consultation with Palmetto may be necessary. From the King and Spalding, "Health Headlines," In most cases, it is unlikely that a disagreement between CMS or the MAC and the hospital with respect to what charges are "related" to a non-covered procedure and need to be excluded from the bill will have payment effects for the hospital, as few ancillary services in such cases will so affect the MS-DRG assignment. However, regardless of whether there is an effect on payment, CMS instructs hospitals to differentiate between charges related to non-covered services and covered services."

Source: CMS Manual System: Pub 100-04 Medicare Claims Processing. Transmittal 1895. January 15, 2010.
King and Spalding "Health Headlines," Barry, Dennis. March 8, 2010.