



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

"Touching Lives Every Day"

COMPLIANCE ALERT 10-42

CMS Issues Guidance for Implementation of New Provision Pertaining to Medicare 3-day (or 1-day) Payment Window—Outpatient Services Treated as Inpatient

CMS recently issued guidance for implementation of Section 102 of the "preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010" (PL 11-192) signed into law on June 25, 2010. This section changes the policy for payment of outpatient services provided by a hospital. This policy is known as the 3 day (or 1-day) **payment window** depending on whether the hospital is a "subsection (d) hospital" subject to the IPPS.

Requirements of Section 102: Directly from CMS (8/9/10):

"Under the payment window policy, a hospital must include on the claim for a beneficiary's inpatient stay, the diagnoses, procedures, and charges for all outpatient diagnostic services and admission-related outpatient nondiagnostic services that are furnished to the beneficiary during the 3-day or 1-day payment window...The new statute clarifies that the term in section 1886(a)(4) of the Act, "*other services related to the admission*" includes all outpatient services that are not diagnostic services (and are not ambulance and maintenance renal dialysis services), provided to a Medicare beneficiary by a hospital (or an entity wholly owned or wholly operated by the hospital):

- (1) on the date of the beneficiary's inpatient admission, or,
- (2) during the 3 days (or in the case of a hospital that is not a subsection (d) hospital, during the 1 day) immediately preceding the date of admission unless the hospital demonstrates (in a form and manner, and at a time, specified by the Secretary) that such services are not related (as determined by the Secretary) to such admission.

The statute makes no changes to the existing policy regarding billing of *diagnostic services* (see section 40.3(B) of Pub 100-4, Chapter 3). All diagnostic services provided to a Medicare beneficiary by a hospital (or an entity wholly

owned or operated by the hospital) on the date of the beneficiary's inpatient admission or during the 3 calendar days (or, in the case of a non-subsection (d) hospital, 1 calendar day) immediately preceding the date of admission would continue to be required to be included on the bill for the inpatient stay.

The statute also prohibits Medicare from reopening a claim, adjusting a claim, or making payments pursuant to any request for payment under Title 18, submitted by an entity (including a hospital or an entity wholly owned or operated by the hospital), for services described in section 102(c)(2) of Pub. L. 111-192 for purposes of treating, as unrelated to a patient's inpatient admission, services provided during the 3 days (or, in the case of a hospital that is not a subsection (d) hospital, during the 1 day) immediately preceding the date of the patient's inpatient admission. Services described in section 102(c)(2) of Pub. L. 111-192 are other services related to the admission which were previously included on a claim or request for payment submitted under part A of Title 18 for which a reopening, adjustment, or request for payment under part B of Title 18, was not submitted prior to June 25, 2010 for purposes of treating, as unrelated to a patient's inpatient admission."

September 9, 2010 Update: Finally, on September 9, 2010, CMS confirmed that the Medicare claims processing system does allow ICD-9-CM procedure code dates for non-diagnostic services provided for up to 3 calendar days prior to the admission date on the inpatient claim. Therefore, hospitals are able to bill correctly for admission-related outpatient non-diagnostic services (bundling) without modifying dates on the inpatient claims.

The complete CMS Notice is available at:

<http://www.cms.gov/AcuteInpatientPPS/Downloads/JSMTDL-10382%20ATTACHMENT.pdf>

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