GOVERNMENT OF THE DISTRICT OF COLUMBIA

Department of Health Care Finance

DHCF Transmittal No. 12-10

Office of the Deputy Director

TO: **District of Columbia Medicaid Physicians, Hospital Administrators, Ambulatory Surgery Centers, Long Term Acute Care Hospitals, Nursing Home Administrators, and Rehabilitation Hospital Administrators**

FROM: **Linda Elam, Ph.D., M.P.H.**
Deputy Director – Medicaid

DATE: **May 10, 2012**

SUBJECT: **Payment Adjustment for Provider-Preventable Conditions**

The District of Columbia Department of Health Care Finance (DHCF) is implementing a new policy required by federal law that prohibits Medicaid payment for services related to provider-preventable conditions (PPCs).

The federal requirements are part of the Patient Protection and Affordable Care Act (PPACA or the Affordable Care Act) which prohibited federal payments to states for Medicaid services related to health care-acquired conditions effective July 1, 2011, and required CMS to issue regulations.

On June 1, 2011, CMS published final regulations for Medicaid programs nationwide. CMS titled these provisions "Payment Adjustment for Provider-Preventable Conditions Including Health care-Acquired Conditions." The CMS rule was effective July 1, 2011; however, CMS delayed compliance enforcement until July 1, 2012, to allow Medicaid programs time to develop and complete implementation of PPC policies.

Medicaid providers will no longer be reimbursed for specific PPCs including both health care acquired conditions (HCACs) and erroneous surgical or other provider preventable conditions (OPPCs). Hence, payment will be adjusted for any portion of a provider's claim directly relating to the treatment of a specified list of HCACs that were not present upon admission to an inpatient hospital setting. This means that payments will only be adjusted if the patient did not have the condition upon admission to the hospital but acquired it during their hospital stay. In addition, no payment will be made for erroneous surgical or other invasive procedures, commonly known as OPPCs.

Hospital Acquired Conditions

HACs are any of the specified conditions which are present as a secondary diagnosis and acquired during the stay. For all claims submitted on or after July 1, 2012, each provider shall collect and record information related to HCACs in the present on admission (POA) indicator field and on the secondary diagnosis indicator field on all applicable claims, regardless of whether the claims are submitted in a hardcopy or electronic format.

The Medicaid HCACs are based on the list of Medicare HACs for FFY 2012 and are:

1) Foreign object retained after surgery
2) Air embolism
3) Blood incompatibility
4) Catheter associated urinary tract infection
5) Pressure ulcers stage III and IV (decubitus ulcers)
6) Vascular catheter associated infection
7) Mediastinitis, after coronary artery bypass graft (CABG)
8) Falls and trauma, resulting in fractures, dislocations, intracranial injury, crushing injury, burns and other unspecified effects of external causes
9) Manifestations of poor glycemic control
10) Surgical site infection after spine, neck, shoulder, or elbow orthopedic procedures
11) Surgical site infection after bariatric surgery for obesity
12) Deep vein thrombosis and pulmonary embolism after total knee replacement or hip replacement, except for pediatric (individuals under the age of 21) and obstetric populations.

The following provider types shall be denied reimbursement for the portion of a claim attributed to any HCAC:

(a) *All* Hospitals paid on a diagnosis-related group (DRG) basis; and
(b) *All* Hospitals paid on a non-DRG basis.

Erroneous surgical and OPPCs

These are surgical or other invasive procedures to treat a particular medical condition that result in an error.

For all claims submitted on or after July 1, 2012, providers shall report OPPCs by using modifiers and E-codes on paper and electronic claim forms that refer to the prohibited procedures.

The Medicaid erroneous and OPPCs are:

1) Wrong surgical procedure;
2) Correct procedure performed on the wrong body part; and
3) Correct procedure performed on the wrong patient

The following provider types shall be denied compensation for claims associated with OPPCs:

a) *All* Hospitals paid on a diagnosis-related group (DRG) basis;
b) *All* Hospitals paid on a non-DRG basis; and
c) Other providers, regardless of whether they are paid on a fee-for-service or capitated basis.

For further information, please find the ***Payment Adjustment for Provider-Preventable Conditions FAQs*** on the DHCF website **www.dc-medicaid.com**

Our vendor, Xerox (formerly known as ACS), will also conduct four **(4) training sessions** at their Xerox location:

Xerox
750 1st Street NE
Washington, DC, 20002

Training Dates:

Thursday, May 31st- 1 PM -3 PM

Monday, June 4th- 1 PM-3 PM

Friday, June 8th- 1 PM -3 PM

Tuesday, June 26th- 1PM-3PM

To RSVP for a training session, please contact **Andrea L. Jackson,** ACS on (202) 906-8308 or via e-mail at dc.providerreps@acs-inc.com.

For any questions about this transmittal, please contact **Cavella Bishop,** Program Manager, Division of Clinician, Pharmacy, and Acute Provider Services, on (202)724-8936, or via email at cavella.bishop@dc.gov.