

November 5, 2008

## **Preventable Serious Adverse Events Present on Admission Diagnoses and POA Indicators – Update**

Dear Keystone Mercy Acute Care Hospital Provider,

On July 30, 2008, Keystone Mercy sent a letter advising all Acute Care Hospitals that we were adopting key features of the Department of Public Welfare (DPW) policy pertaining to preventable adverse events. Since then, DPW has clarified its position on this subject. This letter reflects DPW's clarification, outlines the requirements for submitting all diagnoses on inpatient claims, and provides instructions for including the POA indicator for each primary and secondary diagnosis code that is included in the claim.

In MA Bulletin No. 1-07-11 ("Preventable Serious Adverse Events"), DPW announced its payment policy for preventable serious adverse events (PSAEs) to **acute care general hospitals** participating in the MA Program. Case identification of PSAEs is undertaken in part through claims review; therefore, DPW also announced in this MA Bulletin the requirement for hospitals to include the applicable Present on Admission (POA) Indicator for all primary and secondary diagnosis codes on claims, regardless of the manner in which claims are submitted (i.e., paper or electronic).

DPW has given similar direction to the HealthChoices managed care organizations (MCOs), by mandating that the MCOs include POA indicators on inpatient encounters that the MCOs are required to submit to DPW. DPW is requiring the MCOs to implement the POA requirements according to their specifications. Keystone Mercy is therefore implementing the requirements outlined in this letter with respect to POA Indicators on inpatient acute care hospital claims. POA Indicators for primary and all secondary diagnosis codes must be included on claims to MCOs. DPW will validate the submission of POA Indicators through inpatient managed care encounter submissions, which will then serve as the basis for enforcement by DPW.

### **Primary and Secondary Diagnoses and POA Indicators**

As previously communicated, effective October 1, 2008, all new, corrected or resubmitted inpatient claims with dates of discharge on or after July 1, 2008, must have valid POA indicators for each primary and secondary diagnosis code submitted. Electronic claims submitted with primary and secondary diagnosis codes that do not have corresponding POA indicators will be denied. Paper claims submitted with primary and secondary diagnosis codes that do not have corresponding POA indicators will be rejected. Hospitals are not required to resubmit inpatient claims with discharge dates on or after July 1, 2008, but if these claims are resubmitted, they must include the appropriate POA indicators. This requirement pertains to any new, corrected or resubmitted claims filed after October 1, 2008 with discharge dates on or after July 1, 2008. Please refer to the Instructions included with this letter for reporting the POA Indicator.

## Exempt Hospitals

It is important to note that DPW and CMS have different requirements regarding the types of facilities exempt from POA requirements. While children's hospitals, cancer hospitals and long-term care hospitals (LTCHs) are exempt from the CMS requirement to submit POA indicators, Pennsylvania Medical Assistance requirements differ from CMS requirements in that all children's hospitals, cancer hospitals and LTCHs participating in the PA Medical Assistance Program must submit POA indicators. **Children's hospitals, cancer hospitals and LTCHs in Pennsylvania are not exempt from this requirement.** Only psychiatric hospitals, psychiatric units within hospitals, rehabilitation facilities, and rehabilitation units within hospitals are exempt from this reporting requirement. However, exempt facilities must affirmatively indicate their exempt status on each claim. Facilities that are exempt from POA reporting must still submit a POA indicator of "1" for each primary and secondary code submitted, which will document the facility's exempt status and prevent claims from being returned. **Blanks will not be accepted. Unlike CMS Medicare rules, the field that holds the applicable POA indicator for the exempt diagnosis code cannot be left blank.**

Valid POA indicators are as follows, blanks are not acceptable:

"Y" = Yes = present at the time of inpatient admission

"N" = No = not present at the time of inpatient admission

"U" = Unknown = documentation is insufficient to determine if condition was present at time of inpatient admission

"W" = Clinically Undetermined = provider is unable to clinically determine whether condition was present at time of inpatient admission or not

"1" = Exempt from POA reporting

## **Preventable Serious Adverse Events Payment Policy**

Keystone Mercy published its preliminary approach to payment for PSAEs in our July 30<sup>th</sup> letter. Keystone Mercy is currently clarifying this policy, and will provide further communication in the near future once we have finalized the policy.

## **Key Points to Remember**

**Beginning October 1, 2008 all new, corrected or resubmitted inpatient claims with discharge dates on or after July 1, 2008 must contain:**

- All primary and secondary diagnoses
- Corresponding POA indicators for each primary and secondary diagnosis

Claims will be returned to you if:

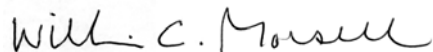
- Primary or secondary diagnosis codes are submitted with a blank POA indicator
- An invalid POA indicator (other than Y, N, U, W, 1) is submitted
- POA indicators are submitted without an associated primary or secondary diagnosis code
- Electronic claims are submitted in an improper format – i.e., if the POA field contains improper spaces, or if the number of POA indicators does not equal the number of diagnosis codes submitted.

Important Notes:

- After October 1, 2008, if your facility is resubmitting a claim or sending a corrected claim with a date of discharge on or after July 1, 2008, it must be corrected to contain applicable POA indicators and diagnoses codes, even if the original claim did not contain this information.
- **Keystone Mercy's policy follows state and federal requirements – Compliance is not optional.**
- Claims submitted without applicable POA indicators for each primary and secondary diagnosis will be returned to you for correction.

If you have any questions, please call your Provider Account Executive or the Provider Services Department at 1-800-521-6007. We thank you for your participation in our network, and your commitment to our members.

Sincerely,



William C. Morsell  
Senior Vice President  
Provider Network Management

## Instructions for Reporting Present on Admission (POA) Indicators on UB-04 Claim Form and via Electronic Format

### Reporting POA on the UB-04 Claim Form

#### Fields 67 A – Q:

Valid primary and secondary diagnosis codes (up to 5 digits), are to be placed in the unshaded portion of 67 A – Q, followed by the applicable POA indicator (1 character) in the shaded portion of 67 A – Q.

#### Valid POA indicators are as follows, blanks are not acceptable:

- “Y” = Yes = present at the time of inpatient admission
- “N” = No = not present at the time of inpatient admission
- “U” = Unknown = documentation is insufficient to determine if condition was present at time of inpatient admission
- “W” = Clinically Undetermined = provider is unable to clinically determine whether condition was present at time of inpatient admission or not
- “1” = Exempt from POA reporting

#### Sample UB-04 populated with primary and secondary diagnosis codes, and POA indicators:

	FL 67 Primary Diagnosis Code		FL 67 POA		FL 67 A - Q Secondary Diagnosis Codes							
66 DX	2449	67	Y	25001	A	N	29620	B	U	V1581	C	W
	I			J			K			L		M
69 Admit DX				70 Patient Reason DX	a		b		C			71 PPS CODE

FL 67 A – Q  
POA

## Reporting POA in Electronic claim format

The 837I Institutional Electronic Claims process requires the POA be entered in Loop 2300, segment K3, data element K301. **K301** = “POA”, followed by a single POA indicator for the primary and all secondary diagnoses reported in the claim. “POA” must be placed in positions 1 - 3 of the K3 segment and immediately followed by the applicable POA indicators. The POA indicator for the primary diagnosis code would be the first indicator after “POA”, and when applicable, the POA indicators for each secondary diagnosis code would follow. The last (primary/secondary) POA indicator must be followed by the letter “Z” or “X” to indicate the end of the data element.

**There must be one POA indicator reported for EACH primary and secondary diagnosis code in the claim.** Spaces between the letters “POA” and the POA indicators, or spaces between POA indicators are not acceptable and will cause your claim to deny.

## Sample EDI claim in Loop 2300, segment K3 with principal and secondary diagnosis codes, and POA indicators:

REF\*D9\*082708000033431~

K3\*POAYYYZ~

HI\*BK<66331

HI\*BF<64511\*BF<64611

### Key:

REF\*D9 – unique Claim ID number

K3 – POA indicators ending with Z or X

BK – Primary Diagnosis

BF – Secondary Diagnosis

BN – External Cause of Injury

Note: No POA Indicators are required for code BJ or ZZ