Preventable Adverse Events

Reimbursement Policy

Purpose

Community Health Options does not reimburse services associated with Preventable Adverse Events (PAE) and/or "Never Events" as defined by the Centers for Medicare & Medicaid Services (CMS) and state law.

Definitions

Healthcare facility: a hospital or ambulatory surgical center.

Hospital Acquired Condition (HAC): an undesirable situation or condition that affects a patient and arises during a hospital or medical facility stay.

"Never Events": errors in medical care that are clearly identifiable, preventable, and serious in their consequences for patients, and that indicate a real problem in the safety and credibility of a healthcare facility.

Policy

A Hospital Acquired Condition (HAC) is a medical condition or complication a patient develops during a healthcare facility stay, which was not present at admission. In most cases, healthcare facilities can prevent HACs when they give care that research shows gets the best results for most patients.

"Never events" are wrong procedures, procedures performed on the wrong body part, wrong person or post-operative death. Never events are considered not medically necessary as they are not required to diagnose or treat an illness, injury, disease or its symptoms and are not consistent with generally accepted standards of medical practice.

Preventable Adverse Events (PAE) are defined as the following:

- HAC
- "Never Events"

Billing, Reporting, and Documentation Requirements

Community Health Options requires all claims involving inpatient admissions to general acute care hospitals or other facilities that are subject to a contract, law, or regulation mandating collection of Present on Admission (POA) information to submit POA indicators on claim submissions.

- Paper Claims: The eight characters of Form Locator (FL) 67 - Principal Diagnosis and each of the secondary diagnosis fields FL 67A-Q. The eighth character of FL 72 - External Cause of Injury (ECI) (three fields on the form).
- Electronic Claims: Submit the POA indicator on the 8371 in the appropriate healthcare Information Codes segment as directed by the Official UB-04 Doto Specifications. Manuals published by the National Uniform Billing Committee (NUBC).

Failure to provide the POA indicator(s) may result in a claim denial or rejection. ICD codes exempt from POA reporting are published in the ICD-70-CM Official Guidelines for Coding and Reporting, Appendix I - Present on Admission Reporting Guidelines.

Present on Admission (POA) Indicators

Y	The diagnosis was present at the time of inpatient admission
N	The diagnosis was not present at the time of inpatient admission
U	Unknown: The documentation is insufficient to determine if the condition was POA
W	Clinically undetermined: The provider is unable to clinically determine whether the condition was POA
Blank	Exempt from POA reporting based on the official guidelines

Community Health Options reserves the right to request medical records to support documentation submitted for reimbursement.

Healthcare providers are required to identify the charges and/or days that are the direct result of the PAE and remove those charge items from the claim before claim submission to Community Health Options. Healthcare providers shall not bill Community Health Options, employers, other payers, or covered members for PAE services performed in either the inpatient or outpatient setting.

Conclusion

Healthcare providers (facilities, physicians, and other healthcare professionals) are responsible for accurate and timely: documenting, billing, and coding by following CMS and NUBC guidelines for appropriate claims review processing by Community Health Options. Community Health Options does not reimburse services associated with PAE across all healthcare settings.

References/Resources

Maine State Legislature. (2008, July 18). Chapter 605 LD 2044. An Act To Prohibit Health Care Facilities from Charging for Treatment to Correct Mistakes or Preventable Adverse Events. Retrieved from https://legislature.maine.gov/

Document Publication History

11/28/2022 Annual review: removed lack of billing guidelines from CMS-1500 notation
12/28/2021 Annual review: added State law for ASC (Ambulatory Surgical Centers)
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