



State of New Jersey  
Department of Human Services  
Division of Medical Assistance & Health Services

# NEWSLETTER

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**TO:** Hospitals reimbursed using the DRG Pricing Methodology;  
MCOs for information only

**SUBJECT:** **New Jersey Medicaid fiscal agent (NJMMIS) use of the Hospital Acquired Conditions (HAC) List**

**EFFECTIVE:** **For claims with discharges on or after April 1, 2011**

**PURPOSE:** The purpose of this Newsletter is to inform the hospital provider community that the NJMMIS claims processing system has been modified to use the HAC list as published in the CMS IPPS 2009 final rule for inpatient claims processing and the 'Categories and Codes Exempt from Diagnosis Present on Admission Requirement' list as published in the 2011 ICD-9-CM Official Guidelines for Coding and Reporting.

**BACKGROUND:** For claims with discharges prior to April 1, 2011, diagnosis codes with a Present On Admission (POA) indicator of 'Y' or 'W' were included in the mapper/grouper software used to assign a DRG code for payment to a claim. POA indicators of 'N', 'U' or '1' were not included in the mapper/grouper software and were not used in the DRG assignment.

**ACTION:** Effective for claims with discharge dates on or after April 1, 2011, all diagnosis codes reported on a claim are used in the assignment of the DRG with the exception of diagnosis codes that appear on the Hospital Acquired Conditions (HAC) list as published in the CMS IPPS 2009 final rule that have a POA indicator of 'N' or 'U'.

If a diagnosis code is not accompanied by a POA indicator on a HIPAA claim transaction or the POA indicator is equal to 1 on DDE or hard copy claim submissions and it is not on the 'Categories and Codes Exempt from Diagnosis Present on Admission Requirement' list as published in the 2011 ICD-9-CM Official Guidelines for Coding and Reporting, the claim will be denied with Error Code 1312 'Missing or Invalid POA indicator'.

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