



**TO:** Acute General Hospitals, Special Hospitals, Rehabilitative Hospitals and Private Psychiatric Hospitals

**SUBJECT:** Revision of the 3% utilization review error rate compliance threshold; and

Fee-for-service billing authorization utilizing N.J.A.C. 10:52-1.9 Administrative days (nursing facility level of care) - general, special (Classification A & B) and private psychiatric hospitals

**EFFECTIVE:** Immediately

**PURPOSE:** To revise the current 3% utilization review error rate compliance threshold post Permedion Cycle 3 provider performance reporting; and to clarify the reimbursement process for the acute care facility inpatient who no longer requires an acute level of care while awaiting post hospitalization placement

**BACKGROUND:** Recent Permedion Cycle 3 utilization review audit findings identified several providers with error rates or adverse determinations greater than the 3% compliance threshold. DMAHS utilized these error rates as a provider performance indicator for designation of ongoing delegated, provisionally delegated or non-delegated statuses for utilization review authority. Providers with error rates greater than 3% were required to submit a Corrective Action Plan (CAP) to address the utilization review and billing deficiencies. All approved CAP submissions required a less than 3% error rate benchmark for a defined compliance review time period.

Providers reported being unfamiliar with the reimbursement process utilizing N.J.A.C. 10:52-1.9 (a) regarding administrative days, for the acute care inpatient who no longer requires an acute level of care while awaiting post hospitalization placement. They reported an inability to meet the 4 requirements of this regulation, as not all of their post hospitalization patient placements required nursing facility level of care. It was their understanding that this regulation did not apply to their patient population and as such was not utilized in the reimbursement process.

**ACTION:** Effective January 2014, DMAHS has revised the utilization review error rate threshold to 5%. All previously approved CAP submissions post Permedion Cycle 3 audit reporting with the required 3% error rate benchmark will automatically be subject to the 5% error rate compliance threshold. All CAP compliance reviews as well as pending Permedion Cycle 4 utilization reviews will be subject to the 5% error rate threshold. This policy revision will not require any additional documentation from the providers.

The intent of N.J.A.C. 10:52-1.9 Administrative Days was to provide a mechanism for reimbursement for a broad spectrum of acute care facilities including general, special, rehabilitation and private psychiatric hospitals with patients awaiting placement for continued recovery at a less than acute level of care. This regulatory authority allows DMAHS to reimburse acute care facilities at a less than acute care rate for that specific patient population.

DMAHS has acknowledged that this regulation required stipulations 1-4 be satisfied to appropriately bill for the Administrative Day Rate and has recognized that stipulations 3-4 cannot be met for any of the group home or other non-nursing facility pending patient placements. As such, DMAHS will require only stipulations 1-2 be satisfied for providers to bill for the Administrative Day Rate for that patient population identified as no longer requiring inpatient acute level of care services while awaiting placement for continued recovery.

The N.J.A.C. 10:52-1.9 (Administrative Days) stipulations 1-2 are as follows:

1. All other possible health insurance benefits have been utilized
2. Discharge planning was initiated upon admission of the patient to the hospital and was reviewed and updated regularly

The intention of this newsletter is to memorialize the new processes and provide “written authorization” from the Division as recommended by the Office of State Comptroller, Medicaid Fraud Division.

Please note that stipulations 1 – 4 must continue to be satisfied for reimbursement of Administrative Days if the patient is awaiting placement to a Nursing facility

Facilities providing Behavioral Health or Substance Abuse services to children and adolescents should take note of the information below.

The Department of Children and Families’, Children’s System of Care (CSOC) utilizes a Contracted System Administrator to provide single point of entry, 24 hour, 7 day a week access for families to obtain services for their children with behavioral health, substance use, and/or developmental disability challenges. To access services for children and youth, please contact PerformCare toll free at 1-877-652-7624.

If you have any questions concerning this Newsletter, please contact the DMAHS Office of Reimbursement Services at (609) 588–2668.

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