



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

NEWSLETTER

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

SUBJECT: Hospital Inpatient Admission Order

EFFECTIVE: April 24, 2015

PURPOSE: To reduce the incidence of hospital claim denials related to physician inpatient admission order; and subsequent utilization review error rates above the acceptable 5% threshold.

BACKGROUND: Recent Permedion Cycle 4 utilization review audit findings identified several providers with inpatient hospital claim denials due to lack of physician admission orders and/or physician admission order dates that are inconsistent with submitted UB-04 claim admission dates. Permedion calculates provider error rates based on the number of adverse determinations identified, which includes claim denials. Division of Medical Assistance and Health Services (DMAHS) utilizes these error rates as a provider performance indicator for designation of ongoing delegated, provisionally delegated or non-delegated status for utilization review authority. Those providers identified with error rates above the acceptable 5% threshold are subject to corrective action plan submissions, additional audits and/or referral to the Medicaid Fraud Division for deficient billing and utilization review practices.

ACTION: DMAHS advises hospital utilization review and/or billing processes to include confirmation of the physician inpatient admission order, for all inpatient admissions, regardless of bed or unit assignment (e.g., intermediate bed, psychiatric unit or newborn nursery). For reimbursement purposes, the inpatient admission timeline begins with the date the physician inpatient admission order is documented.

NJ FamilyCare, as a state and federally funded program, acts in accordance with regulatory requirements and policy mandates of the Centers of Medicare & Medicaid Services which, for purposes of payment, states "an individual is considered an inpatient of a hospital, including a critical access hospital, if formally admitted as an inpatient pursuant to an order for inpatient admission by a physician or other qualified practitioner."

Appropriate utilization review processes for inpatient admissions medical necessity reviews must include verification of the physician inpatient admission order in the medical documentation as a patient is not considered an inpatient without a physician

inpatient admission order. Utilization Review confirmation of the physician inpatient admission order and subsequent medical necessity authorization for the admission will eliminate erroneous claim submissions with admission dates that are not consistent with the physician inpatient admission order date.

Example: A patient presents to the emergency room with complaints of chest pain on April 1, 2015. Following extensive medical evaluation in the emergency room, the attending physician decides the patient requires admission for further stabilization. The physician writes an order for admission to the coronary care unit at 3:00am on April 2, 2015. Upon review of the medical documentation, including the physician inpatient admission order date, the utilization review nurse confirms the admission meets the hospital's criteria for medical necessity and issues a certification designating an inpatient acute level of care beginning April 2, 2015.

For reimbursement purposes, the physician inpatient admission order date determines the date of admission, not the emergency room medical evaluation date. Claims reviewed with admission dates not consistent with the date the physician admission order was written will be denied.

Prior to claim submission, the billing office will review the utilization review authorization, including but not limited to, confirmation of the level of care and dates of service to ensure correct billing processing and to avoid claim denials.

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

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