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MB# 14-016

MEDICAID BULLETIN

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TO: Providers Indicated

SUBJECT: Provider Preventable Conditions Policy

Effective on or after July 1, 2014, the South Carolina Department of Health and Human Services (SCDHHS) has amended its Hospital Services Provider Manual and revised the section regarding Hospital Acquired Conditions (HACs). This section of the Hospital Services Provider Manual will apply to all Provider Preventable Conditions (PPCs) to include not only Hospital Acquired Conditions (HACs), but also Never Events (NEs) and Other Provider Preventable Conditions (OPPCs). The HACs section of the manual has been clarified to include a listing of all codes for HACs, NEs, and OPPCs, the criteria for non-payment, and how these codes will be captured in Medicaid's reporting systems. In addition, the section has been amended to add the following eight OPPCs to the non-payment policy:

- Post-operative death in normal healthy patient
- Death/disability associated with use of contaminated drugs, devices or biologics
- Death/disability associated with use of device other than intended
- Death/disability associated to medication error
- Maternal death/disability with low-risk delivery
- Death/disability associated with hypoglycemia
- Death/disability associated with hyperbilirubinemia in neonates
- Death/disability due to wrong oxygen or gas

SCDHHS is amending its policy on this subject to better align with desired health outcomes for the Medicaid population. The OPPCs being added as a result of this policy change are more specific to the Medicaid population, which will ultimately improve the quality of care for these individuals in South Carolina.

SCDHHS projects that upon implementation of the proposed action noted above, Medicaid fee for service rates will not be impacted as this change results in an addition of OPPCs to the current list, but not a change in the payment rates to providers.

For Non-Hospital Based Providers and Practitioners (Physician Services Manual):

Effective with dates of service on or after July 1, 2014, SCDHHS will make zero payments to providers for Other Provider Preventable Conditions which includes Never Events. The reporting requirements for Never Events include Ambulatory Surgical Centers (ASC) and Practitioners. These providers will be required to report Never Events on the CMS-1500 claim form or the 837-P claim transaction. Avoidable errors that fall under this policy include:

1. Wrong surgical or other invasive procedure performed on a patient
2. Surgery or other invasive procedure on the wrong body part
3. Surgical or other invasive procedure performed on the wrong patient

Procedures to Follow for Reporting Avoidable Errors (Never Events)

Claims submitted using the CMS-1500 claim form or 837-P claim transaction, must include the appropriate modifier appended to all lines that relate to the erroneous surgery(ies) or procedure(s) using one of the following applicable National Coverage Determination modifiers:

- **PA** – Surgery wrong body part
- **PB** – Surgery wrong patient
- **PC** – Wrong surgery on patient

The non-covered claim must also include one of the following ICD-9-CM diagnosis codes reported:

- **E876.5** – Performance of wrong operation (procedure) on correct patient (existing code)
- **E876.6** – Performance of operation (procedure) on patient not scheduled for surgery
- **E876.7** – Performance of correct operation (procedure) on wrong side or body part

Related Claims

Within 30 days of receiving a claim for a surgical error, SCDHHS shall begin to review beneficiary history for related claims as appropriate (both claims already received and processed and those received subsequent to the notification of the surgical error). Also, the Program Integrity (PI) Division or its designee will audit all claims for the recipient to determine if they relate to or have the potential to be related to the original Never Event claim. When, PI or its designee identifies such claims, it will take appropriate action to deny such claims and to recover any overpayments on claims already processed.

Every 30 days for an 18-month period from the date of the surgical error, PI or its designee will continue to review recipient history for related claims and take appropriate action as necessary. Related services do not include performance of the correct procedure.

General Provisions

- (1) Medicaid will not pay any claims for “provider-preventable conditions” for any member who is Medicaid and Medicare eligible.
- (2) No reduction in payment will be imposed on a provider for a provider preventable condition, when the condition defined as a PPC for the particular member existed prior to the initiation of the treatment for that member by that provider.
- (3) Reductions in Provider payments may be limited to the extent that the following apply:
 - (i) The identified PPC would otherwise result in an increase in payment.
 - (ii) The SCDHHS can reasonably isolate for nonpayment the portion of the payment directly related to treatment for and related to the PPC.

If you should have any questions regarding program policy, please contact the Office of Health Services at (803) 898-4614. Please refer any questions or concerns regarding claims resolution to the Provider Service Center at 1-888-289-0709. This bulletin affects policy for Medicaid members who are participating with Fee-For-Service Medicaid and Medicaid Managed Care Organizations (MCOs). Please contact the appropriate MCO for questions regarding authorization and coverage of these services. Thank you for your continued support of the South Carolina Healthy Connections Medicaid program.

/s/
Anthony E. Keck
Director