 <b>JOHNS HOPKINS</b> MEDICINE JOHNS HOPKINS HEALTHCARE	<b>JOHNS HOPKINS HEALTHCARE</b>	<b>Policy Number: RPC.002</b> Effective Date: July 1, 2016 Revision Date: July 1, 2018
	<b>Subject: Non-Payment of Preventable Adverse Events (PAE)</b> <b>Department: Provider Relations</b> <b>Lines of Business: EHP, PPMCO, USFHP</b>	<b>Page 1 of 4</b>

**ACTION**

- New Policy
- Repealed Policy Date: \_\_\_\_\_
- Superseded Policy Number: \_\_\_\_\_

The most current version of the reimbursement policies can be found on Hopkins Policies Online (HPO) for internal use only. All additional users may verify the information by going to: [www.jhhc.com](http://www.jhhc.com).


These policies serve as a guide to assist you in accurate claim submissions and to outline the basis for reimbursement if the service is covered by a member’s Johns Hopkins HealthCare (JHHC) benefit plan. The determination that a service, procedure, item, etc. is covered under a member’s benefit plan is not a determination that you will be reimbursed. Services must meet authorization and medical necessity guidelines appropriate to the procedure and diagnosis as well as to the member’s state of residence. You must follow proper billing and submission guidelines. You are required to use industry standard, compliant codes on all claim submissions. Services must be billed with CPT codes, HCPCS codes and/or revenue codes. The codes denote the services and/or procedures performed. The billed code(s) are required to be fully supported in the medical record and/or office notes. Unless otherwise noted within the policy, our policies apply to both participating and nonparticipating providers and facilities.

If appropriate coding/billing guidelines or current Reimbursement Policies are not followed, Johns Hopkins HealthCare (JHHC) may:

- Reject or deny the claim
- Recover and/or recoup claim payment

JHHC reimbursement policies are developed based on nationally accepted industry standards and coding principles. These policies may be superseded by mandates in provider or state contracts, or state, federal or CMS contracts and/or requirements. System logic or setup may prevent the loading of policies into the claims platforms in the same manner as described; however, JHHC strives to minimize these variations.

JHHC reserves the right to review and revise our policies periodically when necessary. When there is an update, we will publish the most current policy on [www.jhhc.com](http://www.jhhc.com).

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**POLICY:**

The purpose of this policy is to define billing and reimbursement guidelines for Preventable Adverse Events (PAE). This was developed to promote patient safety through the reduction of Hospital Acquired Conditions. (HACs) and Never Events during the provision of healthcare services to plan members.

This policy applies to inpatient and outpatient (as applicable) in-network hospital services provided to members of Priority Partners Managed Care Organization (PPMCO), US Family Health Plan (USFHP), and Employer Health Plans (EHP) by all Acute Inpatient Prospective Payment (IPPS) Providers not classified as a Maryland Waiver Hospital. In the State of Maryland, reimbursement for hospital services by all payers classified as Maryland Waiver Hospitals are based upon the rates as established by the Health Services Cost Review Commission (HSCRC) (COMAR 10.09.06.09(A)(1)). Because the HSCRC establishes hospital rates for all payers in accordance to COMAR 10.37.03, this policy is not applicable to Maryland Waiver Hospitals. Maryland Waiver Hospitals must, however, report Present on Admission (POA) indicators on all claims.

Hospital Acquired Conditions (HAC) and Centers for Medicare and Medicaid Services - The Health Plans have adopted the current categories of conditions that were selected by CMS to be HACs. Charges and/or days that are a direct result of the HAC shall be identified by the facility.

A provider may not knowingly seek payment from a health plan or a patient for a PAE or for any services required to correct or treat problems created by a PAE that occurred under the provider’s control. Any professional provider associated with a wrong surgery Never Event is not eligible for reimbursement. Members will be held harmless for any services related to wrong surgery Never Events.


Service codes, appropriate diagnosis codes and one of the following modifiers may be required:

- PA- Surgery Wrong Body Part
- PB- Surgery Wrong Patient
- PC- Wrong Surgery on Patient

**DEFINITIONS**

Hospital Acquired Conditions (HAC) - a list of conditions developed by the Department of Health and Human Services (DHHS) for use by CMS which meet the following criteria:

1. Are high cost or high volume or both
2. Result in the assignment of a case to an MS-DRG that has a higher payment when present as a secondary diagnosis.
3. Could reasonably have been prevented through the application of evidence-based guidelines.

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Inpatient Prospective Payment System (IPPS) – A system of payment for operating costs of acute care hospital inpatient stays based on prospectively set rates. Under IPPS, each case is categorized into a diagnosis-related group (DRG). Each DRG has a payment weight assigned to it, based on the average resources used to treat patients in that DRG.

Never Events - The National Quality Forum (NQF) defines Never Events as errors in medical care that are of concern to both the public and health care professionals and providers, clearly identifiable and measurable, and of a nature such that the risk of occurrence is significantly influenced by the policies and procedures of the health care organization.

Present On Admission (POA) - POA is defined as being present at the time the order for inpatient admission occurs. Conditions that develop during an outpatient encounter (including emergency department, observation, or outpatient surgery) are considered POA.

### **EXEMPTIONS**

Critical Access Hospitals  
 Long Term Hospitals  
 Maryland Waiver Hospitals  
 Cancer Hospitals  
 Religious Non-Medical Health Care Institutions  
 Inpatient Psychiatric Hospitals  
 Inpatient Rehabilitation Facilities; and  
 Veterans Administration/Department of Defense Hospitals

### **CROSS REFERENCE (with other relevant policies, procedures, and/or workflows)**

This policy has been developed through consideration of the following:


- COMAR Maryland
- CMS Hospital Acquired Conditions ICD10

### **ADDITIONAL REFERENCES**

<http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/wPOAFactSheet.pdf>

[https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalAcqCond/icd10\\_hacs.html](https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalAcqCond/icd10_hacs.html)

<https://downloads.cms.gov/cmsgov/archived-downloads/SMDL/downloads/SMD073108.pdf>

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**APPROVALS**

Steering Committee Approval Date: 4/13/2016

Last Review Dates: