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Medicare Severity DRG (MS-DRG) classification system for the IPPS and Present On Admission (POA) Indicator could have a significant impact on your Health Centers accounts receivables (AR) and medical records processing.

MS-DRG: The final rule for the Inpatient Prospective Payment System (IPPS) for fiscal year (FY) 2008 from the Centers for Medicare and Medicaid Services (CMS) was published in the Federal Register on August 22. The IPPS, which finalizes many of the payment reforms proposed in April, became effective on October 1, 2007 and applies to discharges occurring on or after that date.

POA: Effective October 1, 2007, Medicare providers are to submit a Present On Admission (POA) Indicator for every diagnosis on your inpatient acute care hospital claims. Critical access hospitals, Maryland waiver hospitals, long-term care hospitals, cancer hospitals, psychiatric hospitals, inpatient rehabilitation facilities, and children's inpatient facilities are exempt from this requirement.

What to Watch For:

QHR recommends that no more than 5 days of revenue be held in the accounts that are discharged not billed (DNB). Listed below are some key processes that should be monitored to avoid challenges. Each facility is encouraged to check these as well as hospital-specific processes.

Process Highlights:

- Discharge Not Billed (DNB) due to Coding greater than 5 days (this would include records pending physician query) increases overall DNB.
- Track and trend physician queries by physician and diagnosis. Have you identified issues related to inconsistent, missing, conflicting or unclear documentation that must be resolved by the provider?

- Monitor Physician queries older than 7 business days.
- Are you working with practicing physicians to explain the importance of their role in these new requirements? POA reporting requires a joint effort between the healthcare provider and the Health Information Management professional coding the information to ensure complete and accurate documentation, code assignment, and reporting of diagnoses and procedures.
- It is important to understand that POA codes will be reported to CMS and will eventually be used for payment/reimbursement purposes by CMS.
- Update annual coding accuracy data for each coder by conducting an external coding audit.
- Has the number of claims rejected by the electronic claims management (ECM) system due to Medical Records issues increased?

How to Measure DNB:

[Measure Days Revenue Outstanding \(DRO\) in DNB.](#)

Divide the total dollar amount (gross) of patient accounts that are discharged but not billed by the average daily (gross)

revenue (ADR). The result should not exceed five (5). If you are over 5 days revenue outstanding (DRO), you may not have cause for concern because this number can fluctuate. However, if you are consistently above 10 DRO, extraordinary measures are needed.

[Measure average age of accounts at bill time.](#)

Your ECM systems should offer a “discharge to bill time” report. Otherwise, you request this report from HIS. The average discharge to bill time (measured in calendar days) should be 7 days or less. This report should include at least, 30 days of claims.

[Avoid common mistakes when calculating DNB.](#)

1. You should not include accounts that are “in-house” (non-discharged).
2. Use gross revenue and gross AR data.
3. Include all accounts, even accounts in your system's "hold days", in discharged not billed.
4. Do not mistake an “uncoded” report for DNB. There may be many reasons for DNB other than coding.

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