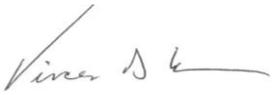




ISSUE DATE May 4, 2012	EFFECTIVE DATE May 1, 2012	NUMBER 01-12-26
SUBJECT Newborn Payment Policy for Acute Care General Hospitals		BY  Vincent D. Gordon, Deputy Secretary Office of Medical Assistance Programs

PURPOSE:

The purpose of this bulletin is to notify acute care general hospitals (hospitals) of procedures relating to the Department of Public Welfare (Department) restructuring of the inpatient prospective payment system (PPS) payment for normal newborn care for Medical Assistance (MA) births in acute care general hospitals as specified at 55 Pa.Code §§ 1163.2 related to definitions, 1163.51 related to general payment policy and 1163.52 related to prospective payment methodology. This restructured inpatient PPS payment for newborn services is effective with discharges on or after May 1, 2012.

SCOPE:

This bulletin applies to acute care general hospitals enrolled in the MA Program that provide services to MA recipients in the Fee-for-Service (FFS) delivery system, including ACCESS Plus, and receive All Patient Refined-Diagnosis Related Group (APR-DRG) payments under the inpatient PPS. Hospitals that provide services to MA recipients in the managed care delivery system should address any payment related questions to the appropriate managed care organization.

BACKGROUND:

Prior to May 1, 2012, the Department made two separate MA APR-DRG payments to a hospital, one for the inpatient acute care general hospital admission related to a mother's obstetrical delivery and one for the admission related to her newborn's care.

The Department changed this policy of making separate APR-DRG payments to the hospital for the normal newborn's and the mother's inpatient care. Instead, for normal newborn inpatient care, the Department will make one payment for all inpatient services using the All Patient Refined (APR) Diagnosis Related Group (DRG) payment related to the mother's obstetrical delivery. In the event the newborn stays in the NICU or experiences other

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complications not associated with normal newborn care, the hospital may receive an APR-DRG payment for the inpatient stay of the newborn.

DISCUSSION:

MA regulations at 55 Pa.Code Chapter 1163 Inpatient Hospital Services, Subchapter A. Acute Care General Hospitals Under the Prospective Payment System provide the requirements that hospitals must meet in order to be paid for acute care general inpatient hospital services.

On April 14, 2012, the Department published final-omitted regulations in the *Pennsylvania Bulletin*, as authorized under Section 403.1 of the Public Welfare Code, which amended the MA payment regulations at 55 Pa.Code, §1163.2 relating to definitions by adding definitions for All Patient Refined-Diagnosis Related Group (APR-DRG) and normal newborn; amended §1163.51 relating to general payment policy by adding subsection (v) to provide that the Department will not make a separate APR-DRG payment for an inpatient acute care general hospital stay for a normal newborn; and amended § 1163.52 relating to the prospective payment methodology by adding subsection (e) related to prospective payment methodology to provide nonpayment conditions for normal newborns.

The amended regulations, as published in the *Pennsylvania Bulletin*, restructure the inpatient payment for normal newborn care for MA births in inpatient acute care general hospitals. For normal newborn care, the Department will make one payment for inpatient services related to the mother's obstetrical delivery using the APR- DRG payment. See 42 Pa.B. 2023 - 2029. The amended regulation takes effect with discharges on and after May 1, 2012.

PROCEDURE:

Effective with dates of discharge on or after May 1, 2012, the Department will no longer pay inpatient acute care general hospitals for normal newborn care when the normal newborn is categorized into severity level 1 of the newborn APR-DRG 640 as of July 1, 2011, by diagnosis(es) and the following conditions are met:

- The hospital receives an APR-DRG payment for the mother's obstetrical delivery.
- The newborn meets the definition of a normal newborn as identified in §1163.2 (relating to definitions).
- The normal newborn is discharged from the hospital before or on the same date as the mother.
- The normal newborn is not discharged to another acute care inpatient setting.

Hospitals are to continue to submit claims for the normal newborn's inpatient hospital care, including those claims that group into APR-DRG 640 with a severity level of 1. The Department will deny normal newborn inpatient hospital claims meeting the conditions above with edit 4354, defined as "Normal Newborn". Even though the Department will deny these claims, it is important that hospitals submit the claims so that the Department may continue to

account for the number of days associated with the normal newborn's inpatient hospital care, related to qualifying criteria for certain Disproportionate Share Hospital payments.

The Department will make a separate APR-DRG payment to the acute care general hospital for the newborn's admission when one of the following conditions is met:

- The MA Program did not pay a claim for the mother's obstetrical delivery.
- The newborn is admitted to the NICU or detained in the hospital after the date of the mother's discharge.
- The normal newborn diagnosis(es) fall into APR-DRG 640 with a severity level of 2 or higher.

In order for an acute care general hospital to receive a separate payment for newborn care when the above conditions are met, the hospital must receive prior authorization approval through the Department's Automated Utilization Review (AUR) process during the hospital's regularly scheduled call. The hospital must provide information to justify the newborn's admission to the NICU or continued stay in the hospital post the mother's discharge, or grouping of the newborn diagnosis(es) into APR-DRG 640 with a severity level of 2 or higher.