

Inpatient Hospital Prior Authorization Certification Review (PACER) Requirements

Claim Adjustment Reason Code 15

Policy: [Medicaid Provider Manual](#) (MPM) Chapter “Hospital ” Section 2.1 Inpatient Hospital Authorization Requirements.

Effective October 1, 2023, Per [L-Letter 23-55](#) MDHHS Program Review Division (PRD) will perform medical/surgical and rehabilitation admission, readmission, and transfer reviews for Fee For Service Medicaid, CSHCS, and Healthy Michigan Plan (HMP) beneficiaries. To reach MDHHS PRD contact 1-844-PACERMI (1-844-722-3764).

Admissions/Readmissions/Transfers that require a PACER

- All elective admissions
- All admissions within 15 days of discharge (including newborns)
- All transfers for medical/surgical services to and from any hospital enrolled in the Medicaid program (including newborns)
- Transfers between a medical/surgical unit and an enrolled distinct part rehabilitation unit of the same hospital
- Authorization of continued stays in freestanding and distinct part rehabilitation units

Admissions/Readmission/Transfers that DO NOT require a PACER

- Emergent/urgent inpatient hospital admissions (except transfers and 15-day readmissions)
- All admissions and transfers to distinct-part psychiatric units or freestanding psychiatric hospitals and all continued stays in a psychiatric unit/hospital. Authorization must be obtained through the Mental Health Authority Prepaid Inpatient Health Plan (PIHP)
- Obstetrical patients admitted for any delivery. Should not be billed as an elective admission
- Newborns admitted following delivery
- Admissions of beneficiaries who are eligible for Children’s Special Health Care Services (CSHCS) only. Providers must be authorized by CSHCS to treat the beneficiary
- Medicaid beneficiaries enrolled in a Medicaid Health Plan (authorization is obtained through the MHP)
- When a beneficiary is admitted to a hospital that is not enrolled with Michigan Medicaid
- When a beneficiary becomes Medicaid eligible after the admission, readmission, transfer, or certification review period. PACER may still be required in some

scenarios (IE admissions have the same DRG)

- If the beneficiary is granted retroactive eligibility that must be indicated in the claim note example: “Retroactive eligibility- No PACER required”
- Medicare A beneficiaries
- Commercial insurance coverage for admissions, readmissions, transfers, or continued stays if the primary carrier authorizes/pays for the admission

Billing: [Medicaid Provider Manual \(MPM\)](#) Chapter “Billing and Reimbursement for Institutional Providers”, Section 6.2.C. Special Circumstances for Hospital.

Readmissions and Transfers Readmit within 15 days to the same hospital (unrelated)

- Must bill two separate claims
- The second admission has to have the PACER and Occurrence Span Code (OSC) 71 with the dates from the previous admission

Readmit within 15 days to the same hospital (related)

- Revenue code 0180 is used to report the days the beneficiary was not in the hospital
- Enter the number of leave days in the service unit field
- Leave the rate and total charges blank
- Include the leave days in the total units field
- Report OSC 74 with the from and through dates of the leave
- If the original admission has been submitted and paid, an adjusted claim must be submitted with the combined services for both admissions

Readmit within 15 days to a different hospital

- PACER needs to be reported on the claim
- Report OSC 71 with the from and through dates from the previous admit

***The [Claim Limit List Function](#) in CHAMPS can be used if a claim is suspended or denied for a 15 day readmission**

Transfers

- It is the responsibility of the discharging hospital to obtain the PACER, and the receiving hospital reports the PACER, and the occurrence span code and dates of the previous stay
- If the beneficiary is transferred from a different outpatient hospital into an inpatient hospital a PACER is not required. There must be a claim note appended that indicates the nature of the transfer.

Example: “Outpatient transferred into Inpatient- No PACER required”

Note: PACER authorization does not remove the need for prior authorization requirements for specific services.