

Inpatient Admissions – Payer Responsibility

Policy: Medicaid Provider Manual (MPM) Chapter “Billing & Reimbursement for Institutional Providers ” Section 4.2 AUTHORIZATION OF ADMISSIONS AND SERVICES

The payer at the time of the admission is in charge of the entire inpatient admission unless the beneficiary is discharged and readmitted. Hospitals must wait until the beneficiary is discharged and then bill all services on one claim. Hospitals generally cannot split-bill DRG claims.

- If a beneficiary is admitted to an acute care inpatient hospital facility and the enrollment status changes during the admission (e.g., a FFS beneficiary enrolls in a MHP), the payer at the time of admission is responsible for payment for all services provided until the date of discharge. Services provided after discharge are the responsibility of the new payer. The discharge planning process should include the new payer for authorization of any medically necessary services or treatments required after discharge from the hospital.
- If a beneficiary is transferred from one acute care inpatient hospital to another acute care inpatient hospital, this does not constitute a discharge. The payer at admission is the responsible party until the beneficiary is discharged from the acute care inpatient hospital setting to a nonacute care inpatient hospital setting.
- If a beneficiary is transferred from an acute care inpatient hospital to an inpatient rehabilitation hospital or a long term acute care hospital (LTACH), this constitutes a discharge. The new payer assumes payment responsibility upon admission to the inpatient rehabilitation hospital or LTACH.

Change in Setting	Payer Responsibility in New Setting
Acute care inpatient hospital to another acute care inpatient hospital	Payer at admission remains the responsible party while the beneficiary is in the acute care inpatient hospital level setting. Exception: CSHCS enrollment.
Acute care inpatient hospital to inpatient rehabilitation hospital or LTACH	New payer is responsible party upon admission to the inpatient rehabilitation hospital or LTACH.
Inpatient rehabilitation hospital or LTACH to acute care inpatient hospital	New payer is responsible party upon admission to the acute care inpatient hospital.

The following examples illustrate payment responsibilities:

FFS to Health Plan	A FFS beneficiary is admitted on 9-15, enrolled in a health plan on 10-1, and discharged from the hospital on 10-5. The health plan is not responsible for services until 10-5, after discharge. FFS is responsible for the entire admission and physician services provided during the admission. The health plan must be contacted at discharge to transition care needs and authorize services needed after discharge, such as rental of equipment, ongoing medical supply needs, ongoing treatment (e.g., home health care, physical therapy, chemotherapy, IV infusion), etc.
Health Plan to Health Plan	If a beneficiary is in health plan "A" during September and changes to health plan "B" for October, health plan "A" is responsible for the admission. Health plan "B" must be contacted during the discharge planning process and is responsible for authorizing all services needed after discharge.
Health Plan to Health Plan with Transfer to Tertiary Hospital	A beneficiary enrolled in health plan "A" is admitted for authorized surgery in June. The beneficiary is enrolled in health plan "B" on July 1. After surgery, the beneficiary develops complications necessitating a transfer to a tertiary hospital on July 2. The beneficiary is subsequently discharged to home on July 6. Plan "A" is responsible for all hospital and physician services through July 6, and plan "B" is responsible for all services needed after discharge.
Hospitalization for Medical Reasons During an Inpatient Psychiatric Stay	A health plan beneficiary is admitted for inpatient psychiatric care by a PIHP/CMHSP. During the admission, the patient requires surgery for medical reasons at another facility. The beneficiary's health plan must authorize the surgery and is responsible for paying for transport between the facilities and for charges related to the surgery.