

10:52-14.14 Payment for transfers

(a) When a patient is transferred during a covered general acute care hospital inpatient stay from one hospital to another hospital, the reimbursement to the general acute care hospitals involved in the transfer(s) will be calculated as follows:

1. The reimbursement to each transferring general hospital will be the DRG daily rate for each covered day of stay. Total payment to each transferring hospital will be no greater than the standard DRG payment, except where the transferring hospital is eligible for an outlier payment;
2. The receiving acute care general hospital will be reimbursed the standard DRG payment. If the claim qualifies as an outlier, the receiving hospital will be eligible for outlier payments based solely on the stay at the receiving hospital; and
3. Transfer cases, both transferring and receiving, that are cost or day outliers shall be subject to the Division's utilization review to determine whether the outlier payment is medically necessary.

10:52-14.15 Payment for same day discharges

In cases where the patient has been admitted and is discharged on the same day, reimbursement will be paid at the DRG daily rate.

10:52-14.16 Payment for readmissions

(a) For New Jersey hospitals, where a patient is readmitted to the same hospital for the same or similar diagnosis within seven days, the second claim submitted for payment will be denied. The same or similar principal diagnosis is defined as principal diagnoses with the same first three digits in accordance with the International Classification of Diseases, 9th Edition, Clinical Modification published by Practice Management Information Corporation. For these readmissions, the two hospital inpatient stays shall be combined on the same claim form for reimbursement purposes.

(b) The denial and subsequent combination of claims specified in (a) above may be appealed by following the process specified in (b)1 through 3 below.

1. For a hospital with non-delegated utilization review, the hospital shall request an appeal through its QIO. Hospitals that are delegated for utilization review shall request an appeal through the hospital's appeal process and obtain a final appeal decision from its Physician Advisor (PA).
2. An appeal that is approved by the QIO or PA shall be submitted to the Division's fiscal agent, along with a letter from the hospital's QIO or PA, on the QIO's or hospital's letterhead, with a determination that the two hospital stays should not be combined, including the reason supporting its determination, along with an original signature of the hospital's Physician Advisor or QIO Physician Advisor.

i. The letter from the QIO or PA shall also include the beneficiary's name, Medicaid identification number, dates of service for the paid and denied claims and the hospital's Medicaid provider number.

ii. The discharge summary shall be provided for both the paid and denied claims. For stays less than 48 hours, progress notes may be used in lieu of discharge summaries.

3. The Division's fiscal agent will forward appeals that meet the requirements in (b)1 and 2 above to the Division's Office of the Medical Director. Each admission will be evaluated by New Jersey licensed physicians on a case-by-case basis to determine whether the admission and readmission to the same hospital should be combined.

(c) The requirements in (a) and (b) above apply to New York hospitals for readmissions within 30 days and apply to Pennsylvania hospitals for readmissions within 31 days. New York and Pennsylvania appeal requests shall be mailed to:

Division of Medical Assistance and Health
Services
Attention: Hospital Discharge/Readmit Appeals
Mail Code #44
P.O. Box 712
Building 7, Room 302
Trenton, NJ 08625-0712

10:52-14.17 Appeal of the hospital's Medicaid final rate

(a) For the purposes of submitting and adjudicating calculation error and rate appeals, a hospital may designate an individual or firm to represent it. This designation shall be in writing, signed by the chief executive officer of the hospital, and shall contain the representative's name, address and telephone number. This written notification shall be sent to the Division's Office of Reimbursement.

(b) Each hospital, within 15 working days of receipt of its Medicaid inpatient rate package, including its final rate and applicable add-on amounts, shall notify the Division of any calculation errors in its final rate. For years after the initial year that rates are set under this system, and for which no recalibration or rebasing has occurred, only calculation errors that relate to adjustments that have been made to the rates since the previously announced schedule of rates shall be permitted. For subsequent years, calculation error appeals will be limited to the mathematical accuracy or data used for recalibration, rebasing or both. Calculation errors are defined as mathematical errors in the calculations, or data not matching the actual source documents used to calculate the DRG weights and rates as specified in this subchapter. Hospitals shall not use the calculation error appeal process to revise data used to calculate the DRG weights and rates. Calculation error appeals that challenge the methodology used to calculate DRG weights and rates shall not be adjudicated as calculation error appeals, but hospitals are permitted to file such appeals as rate appeals delineated in (c) below. If upon

review it is determined by the Division that the error would constitute at least a one percent change in the hospital's final rate, a revised final rate will be issued to the hospital within 10 working days. If the discrepancy meets the one percent requirement above and a revised Schedule of Rates is not issued by the Division within 10 working days, notification time frames to appeal calculation errors noted above will not become effective until the hospital receives a revised Schedule of Rates. The Division will issue a written decision regarding all calculation error appeal issues timely submitted in accordance with (d) below.

(c) Any hospital, which seeks an adjustment to its final rate shall submit a rate appeal request.

1. A hospital shall notify the Division in writing of its intent to submit a rate appeal. The notice of appeal shall be submitted to the Department of Human Services, Division of Medical Assistance and Health Services, Office of Hospital Reimbursement, Mail Code #44, PO Box 712, Trenton, New Jersey 08625-0712 within 20 calendar days of receipt by the hospital of its Medicaid inpatient final rate, including applicable add-on amounts.

2. A hospital shall identify its rate appeal issues and submit supporting documentation in writing to the Division within 80 calendar days of receipt by the hospital of its Medicaid inpatient final rate, including applicable add-on amounts.

3. In order to be considered a valid rate appeal, the hospital's submission shall meet the following requirements:

i. A detailed description of the rate appeal issue shall be provided, including, but not limited to, the basis of the issue, such as whether certain portions of the Division's rate setting methodology are being challenged; and

ii. Detailed calculations showing the financial impact of the rate appeal issue on the hospital's final rate and its estimated impact on the hospital's Medicaid inpatient reimbursement for the rate year.

4. If the Division finds the rate appeal issue to have merit, a financial review shall be undertaken by the Division to determine whether the hospital is efficiently operated in order to qualify for a rate adjustment. The financial review shall include, but not be limited to, the following:

- i. Financial ratios;
- ii. Efficiency indexes;
- iii. Occupancy and length of stay;
- iv. Debt structure;
- v. Changes in cost, revenue and services;

vi. Analysis of the hospital's audited financial statements, including all related entities; and

vii. Comparison to appropriate state and national norms.

(d) The Division shall review the documentation and determine if an adjustment is warranted.

(e) The Division shall issue a written determination with an explanation as to each calculation error appeal, or request for a rate adjustment. If a hospital is not satisfied with the Division's determination, the hospital may request an Office of Administrative Law (OAL) hearing pursuant to N.J.A.C. 10:49-10. If a hospital elects to request an OAL hearing, the request must be made within 20 calendar days from the date the Division's determination was received by the hospital. The Administrative Law Judge will review the reasonableness of the Division's reason for denying the requested rate adjustment based on the documentation that was presented to the Division. Additional evidence and documentation shall not be considered. The Director of the Division of Medical Assistance and Health Services shall thereafter issue the final agency decision either adopting, modifying, rejecting or remanding the Administrative Law Judge's initial decision. Thereafter, review may be had in the Appellate Division of New Jersey Superior Court.

APPENDIX A

FISCAL AGENT BILLING SUPPLEMENT

AGENCY NOTE: The Fiscal Agent Billing Supplement is appended as a part of this chapter but is not reproduced in the New Jersey Administrative Code. When revisions are made to the Fiscal Agent Billing Supplement a revised version will be made available at www.njmms.com and copies will be filed with the Office of Administrative Law. The Fiscal Agent Billing Supplement may be reviewed and downloaded free of charge by accessing the following website: www.njmms.com. For a paper copy of the Fiscal Agent Billing Supplement, write to:

UNISYS
PO Box 4801
Trenton, New Jersey 08619-4801

or contact:

Office of Administrative Law
Quakerbridge Plaza, Building 9
PO Box 049
Trenton, New Jersey 08625-0049

Amended by R.2005 d.214, effective July 5, 2005.
See: 37 N.J.R. 436(a), 37 N.J.R. 2506(a).

Designated former Appendix as Appendix A, substituted "text" for "pages" preceding "will be distributed", inserted the sentence containing the website and inserted "paper" preceding "copy" in the last sentence of the Agency Note.

