

# Stop Payment: CMS Prohibits Medicaid Payments on "Healthcare-Acquired Conditions"

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Effective July 1 the federal government will prohibit Medicaid payments to states for services treating healthcare-acquired conditions. Compliance begins July 1, 2012.

The Centers for Medicare and Medicaid Services published the new policy in a final rule June 6. The changes and the effective date were mandated in section 2702 of the Affordable Care Act.

In effect, CMS has extended to Medicaid a program similar to the Medicare payment adjustments related to hospital-acquired conditions, or HACs; however, states will have latitude to adjust their programs according to their needs and conditions.

The rule introduces several new terms into the payment lexicon: "provider-preventable conditions," "healthcare-acquired conditions," and "other provider-preventable conditions."

## Medicare HACs as a Baseline

CMS will use the Medicare HACs as a baseline for the Medicaid program, with one exception: deep vein thrombosis/pulmonary embolism following total knee replacement or hip replacement in pediatric and obstetric patients.

Within the rule CMS acknowledges that incorporating the Medicare HACs in Medicaid policy is "inherently complex" because of differences in patient populations across the programs. It "fully understands" that the Medicare HACs will not directly apply to various subsets of Medicaid's population, it writes, and it expects states will address the differences individually through their own payment policies.

Under the rule states have the authority to identify other provider-preventable conditions for which Medicaid payment will be prohibited. These additional conditions will be approved through their Medicaid state plans.

## Introducing "Provider-Preventable Conditions"

HCACs are a term within the Affordable Care Act, which Congress uses exclusively to describe the conditions subject to payment reductions. In writing its rule enacting the statute, CMS has introduced an umbrella term, "provider-preventable conditions," which encompasses HCACs and a new concept of "other provider-preventable conditions," or OPPCs. OPPCs describe additional conditions that states will identify.

The new terms are necessary, CMS writes in its rule, because HCACs are too narrowly defined in the statute. They do not allow for additional conditions to be included, and they exclude three Medicare national coverage determinations. Further, HCACs apply only to inpatient hospital settings. CMS defines the two terms as follows:

### Healthcare-acquired conditions:

- Apply to Medicaid inpatient hospital settings
- Include at a minimum the full list of Medicare's HAC, with the one exception noted

### Other provider-preventable conditions:

- Apply broadly to Medicaid inpatient and outpatient healthcare settings
- Include at a minimum the three Medicare national coverage determinations-surgery on the wrong patient, wrong surgery on a patient, and wrong site surgery
- May expand to other settings with CMS approval

- May expand to other conditions with CMS approval

States must revise their Medicaid plans to comply with the provisions and implement provider self-reporting through claims systems.

## Researching the States

The Affordable Care Act directed the Department of Health and Human Services to identify state practices that prohibit payments for healthcare-acquired conditions and incorporate as appropriate those practices into the federal rule.

HHS found that 21 states have such policies, most of which identify Medicare HACs for nonpayment in hospitals. More than half of the policies exceeded the Medicare requirements. Seventeen states had Medicaid-specific policies, half of which used the Medicare HACs.

## Reference

Centers for Medicare and Medicaid Services. "Medicaid Program; Payment Adjustment for Provider-Preventable Conditions Including Health Care-Acquired Conditions." *Federal Register* 76, no. 108 (June 6, 2011): 32816–38.

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