

**DEPARTMENT OF SOCIAL AND HEALTH SERVICES
MEDICAID PURCHASING ADMINISTRATION
Olympia, Washington**

To: Advanced Registered Nurse Practitioners
Approved Trauma Care Facilities
Certified Registered Nurse Anesthetists
Emergency Room Physicians
Participating Trauma Care Physicians
Trauma Services Coordinators

#Memo: 11-48
Issued: June 6, 2011

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Health Care Authority/Medicaid Purchasing
Administration

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1-800-562-3022 or go to:
<http://hrsa.dshs.wa.gov/contact/default.aspx>

Subject: Trauma Supplemental Payments: Recoupment of Physician Overpayments in the SFY2010 Trauma Care Liquidation, and Change in Hospital Trauma Condition Codes

The Medicaid Purchasing Administration (MPA) overspent its SFY2010 Trauma Care Fund (TCF) appropriation for trauma care physicians. In accordance with WAC 388-531-2000(7)(d), MPA will recoup the amount of the overpayment from physicians and physician groups who received lump sum trauma supplemental payments for SFY2010. The amount to be recouped from each provider is based on that provider's final percentage share of the physician TCF liquidation pool. MPA will begin recoupment immediately and complete this action by June 30, 2011.

In addition, **effective with dates of service on and after January 1, 2011**, MPA will use new condition codes ("T" series) to identify hospital claims eligible for trauma supplemental payments. This change is being made to avoid confusion between the Department's definitions for current condition codes MX, MY, and MZ (indicating Injury Severity Score [ISS] ranges eligible for trauma supplemental payments), and Medicare's definitions for MX, MY, and MZ (indicating wrong surgery on patient, surgery on wrong body part, and surgery on wrong patient, respectively).

What Happened and Why?

Under the American Recovery and Reinvestment Act (ARRA) of 2009, the state was eligible for a federal match of 62.94% through December 31, 2010. The federal match dropped to 60.11% on January 1, 2011 and to 58.03% on April 1, 2011. On July 1, 2011, the pre-ARRA match (approximately 50%) will be reinstated.

The 2010-2011 TCF Spending Plan recommended by the Emergency Medical Services and Trauma Care Steering Committee (EMSTCSC) called for accelerating payments to obtain the maximum amount of federal matching funds for the trauma system. This meant MPA had to liquidate its appropriation before December 31, 2010, to obtain the highest level of federal matching funds for

the TCF. On December 15, 2010, MPA liquidated its TCF appropriation for SFY2010. This normally would have occurred in the summer of 2011.

The liquidation amounts were calculated based on information available on December 15, 2010, from the state's Agency Financial Reporting System (AFRS). Unfortunately, the accelerated schedule did not take into consideration regularly scheduled funds transfers ("journal vouchers") at the end of each quarter. This journal voucher process applies only to physician claims, which are paid at an enhanced rate at the time of claim adjudication, using state-only funds.

As a result, the December 15, 2010, information from AFRS underreported the outstanding TCF obligation for the fiscal year, leading to the liquidation of a larger balance than was actually available for distribution. The TCF overpayment to trauma care physicians was \$371,328 in state-only funds, which computes to a grand total (federal funds plus state funds) of \$1,001,964.

What Does MPA Plan to Do?

MPA will recoup the overpayment amount of \$1,001,964 from physicians by using the same percentages that had been used to distribute the liquidation payments. The recoupment will be done as a mass adjustment. The recoupment will start immediately and be completed by June 30, 2011.

Why is it Necessary for MPA to Recoup the Overpayments?

By law, MPA cannot exceed its appropriation. It must recover amounts spent in excess of its authorized spending level [see WAC 388-531-2000(7)(d)].

What Must Trauma Care Physicians Do?

You do not need to do anything. MPA will recoup any trauma overpayment to a provider from remittance amounts due that provider. Whenever possible, MPA will recoup an overpayment in one lump sum. If it is not possible to recoup an overpayment in one lump, MPA will deduct the maximum amount possible from each remittance due the provider until the full trauma overpayment amount is recouped.

What New Trauma Condition Codes Must Hospitals Use for Dates of Service January 1, 2011 and After?

Medicare began using the following condition code sets and definitions on January 1, 2011:

- MX Wrong Surgery on Patient
- MY Surgery on Wrong Body Part
- MZ Surgery on Wrong patient

MPA currently uses the above condition codes to identify trauma claims:

- MX An ISS in the range of 25 to 34
- MY An ISS in the range of 35 to 44
- MZ An ISS of 45 or greater

The consequences associated with MPA's use of these codes are far different from Medicare's:

- Under MPA's definition, the above condition codes allow designated trauma care centers to receive supplemental payments for trauma care services.
- Under Medicare's definition, use of one of these condition codes means there was a breakdown in a hospital's quality control process, causing an undesirable outcome—or a "never" event occurred.

To avoid confusion between MPA's and Medicare's definitions for condition codes MX, MY, and MZ, MPA is changing the trauma condition codes it uses to identify claims eligible for trauma supplemental payments. MPA is replacing the first character "M" of the current condition codes with "T" while keeping the second character unchanged, as shown in the table below and on the next page. The ISS ranges in the code descriptions are unchanged.

Effective with dates of service on and after January 1, 2011, hospitals must use one of the following condition codes to indicate a trauma claim eligible for trauma supplemental payment.

| New Condition Code | Description |
|--------------------|---|
| TP | Indicates a pediatric client (through age 14 only) with an Injury Severity Score (ISS) in the range of 9-12 |
| TT | Indicates a transferred client with an ISS that is less than 13 for adults or less than 9 for pediatric clients |
| TV | Indicates an ISS in the range of 13 to 15 |
| TW | Indicates an ISS in the range of 16 to 24 |
| TX | Indicates an ISS in the range of 25 to 34 |
| TY | Indicates an ISS in the range of 35 to 44 |
| TZ | Indicates an ISS of 45 or greater |

Notes: Remember when you put a trauma condition code on a hospital claim, you are certifying that the claim meets the criteria published in [WAC 388-550-5450](#). The "TT" condition code should be used only by a Level I, Level II, or Level III receiving hospital. A Level II or Level III transferring hospital must use the appropriate condition code indicating the Injury Severity Score of the qualifying trauma case. See [WAC 388-550-5450\(4\)\(c\)\(ii\)](#).

Should Hospitals Resubmit Trauma Claims with the New Condition Codes for Dates of Service January 1, 2011 and After?

Hospitals may submit adjustment requests using the new trauma condition codes (“T” series) to clarify the record for audit purposes if they submitted and received payment for trauma claims with dates of service on and after January 1, 2011 using the old condition codes (“M” series). All new hospital trauma claims must be billed using the new condition codes.

Updated Billing Instructions

The Department will be updating the Inpatient Hospital Services Billing Instructions with the information in this memo. You may download these updated billing instructions at: http://hrsa.dshs.wa.gov/download/Billing_Instructions_Webpages/Hospital_Inpatient.html.

How Can I Get the MPA Provider Documents?

To download and print the Department/MPA provider numbered memos and billing instructions, go to the Department/MPA website at: <http://hrsa.dshs.wa.gov> (click the *Billing Instructions and Numbered Memorandum* link).