

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-20 One-Time Notification</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 13173</b>	<b>Date: April 17, 2025</b>
	<b>Change Request 14026</b>

**SUBJECT: New Edit Implementation for Inpatient Psychiatric Facilities Prospective Payment System (IPF PPS) for Point of Origin (PoO) Admission or Visit Code “D” Related to the Emergency Department (ED) Adjustment Policy**

**I. SUMMARY OF CHANGES:** The purpose of this Change Request (CR) is to implement a new edit in the Fiscal Intermediary Shared System (FISS) to prevent the incorrect use of Point of Origin (PoO) for admission or visit code “D” on Inpatient Psychiatric Facility Prospective Payment System (IPF PPS) claims that also include charges for emergency department services.

**EFFECTIVE DATE: October 1, 2025**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: October 6, 2025**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	N/A

### **III. FUNDING:**

#### **For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

### **IV. ATTACHMENTS:**

**One Time Notification**

# Attachment - One-Time Notification

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## **II. GENERAL INFORMATION**

**A. Background:** Section 124 of the Medicare, Medicaid, and SCHIP (State Children’s Health Insurance Program) Balanced Budget Refinement Act of 1999 (BBRA) (Pub. L.106–113), mandated that the Secretary develop a per diem Prospective Payment System (PPS) for inpatient hospital services furnished in psychiatric hospitals and psychiatric units. The Inpatient Psychiatric Facility Prospective Payment System (IPF PPS) was implemented January 2005.

The IPF PPS includes an emergency department (ED) adjustment policy. Under the Medicare PPS for Inpatient Psychiatric Facilities, the Centers for Medicare & Medicaid Services (CMS) makes an additional payment to an IPF or a distinct part unit (DPU) for the first day of a beneficiary's stay to account for emergency department costs, if the IPF has a qualifying emergency department. More information on the IPF PPS ED adjustment is found in the Medicare Claims Processing Manual (CPM), Chapter 3, Inpatient Hospital Billing, Section 190.6.4.

As specified in 42 CFR 412.424(d)(1)(v)(B), CMS does not make the additional payment for the ED adjustment if the patient was discharged from the acute care section of a hospital or Critical Access Hospital (CAH) and admitted to the same hospital’s or CAH’s psychiatric unit. In that case, the costs associated with providing emergency department services are reflected in the diagnosis-related group (DRG) payment to the acute hospital for the inpatient acute stay or through the reasonable cost payment made to the CAH. For further detail, please see the CPM, Chapter 3, Inpatient Hospital Billing, Section 40.3.

Point of Origin (PoO) for admission or visit code “D” has been designated for usage when a patient is discharged from an acute hospital or CAH to their own psychiatric distinct part unit. This PoO code prevents the additional payment for the beneficiary's first day of coverage at the distinct part unit. An overpayment occurs when PoO code “D” is not billed for these transfer claims.

CMS issued Change Request 7072 (Transmittal 2157), dated February 11, 2011, to implement related edits for the ED adjustment policy under the IPF PPS.

**B. Policy:** Point of Origin (PoO) for admission or visit Code “D” indicates a patient’s discharge from the acute care section of a hospital or Critical Access Hospital (CAH) and subsequent admission to the same hospital’s or CAH’s psychiatric unit. When a patient is admitted to a hospital or CAH, charges for that patient’s emergency department services are treated as inpatient services and included with the applicable PPS claim for the hospital stay. Therefore, when the patient is transferred from the acute care section of the hospital or CAH and admitted to the Inpatient Psychiatric Facility (IPF), only the services provided in the

IPF setting would be billed (and the IPF services would not include the prior emergency department services). Emergency department charges should only be bundled into an IPF stay if the patient is admitted directly to the IPF unit; otherwise, as noted above, the costs associated with providing emergency department services (as pre-admission services) are reflected in the DRG payment to the acute hospital for the inpatient acute stay or through the reasonable cost payment made to the CAH.

CMS has observed incorrect use of both PoO code “D” and emergency department services across Inpatient Psychiatric Facility Prospective Payment System (IPF PPS) claims. A correctly submitted IPF claim should not contain both PoO code “D” and charges for emergency department services. Therefore, CMS is implementing an edit in FISS to return to provider (RTP) IPF PPS claims, when the claim includes both PoO code “D” and charges for emergency department services. Upon receipt of a returned claim, the provider would either remove the PoO code “D” and replace with the appropriate PoO code or remove revenue code (045x) line for emergency department services to allow for successful processing of the claim.

### III. BUSINESS REQUIREMENTS TABLE

*"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
14026.1	<p>Contractors shall create a new edit to Return to Provider (RTP) incoming claims when the CMS Certification Number (CCN) has an “M” or “S” in the third position or is in the ranges xx-SA00 through xx-SE99 <b>and</b> the following conditions exist:</p> <ul style="list-style-type: none"><li>Point of origin (PoO) for admission or visit code is “D”.</li><li>With charges for emergency department services, revenue code 045x.</li></ul> <p>This new edit shall be bypassable.</p>	X				X				

### IV. PROVIDER EDUCATION

Medicare Learning Network® (MLN): CMS will develop and release national provider education content and market it through the MLN Connects® newsletter shortly after we issue the CR. MACs shall link to relevant information on your website and follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 for distributing the newsletter to providers. When you follow this manual section, you don’t need to separately track and report MLN content releases. You may supplement with your local educational content after we release the newsletter.

**Impacted Contractors:** A/B MAC Part A

## V. SUPPORTING INFORMATION

**Section A: Recommendations and supporting information associated with listed requirements:** N/A

*"Should" denotes a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:
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**Section B: All other recommendations and supporting information:** N/A

## VI. CONTACTS

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

## VII. FUNDING

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**ATTACHMENTS: 0**