Medical Coverage Policy

Inpatient Transfers Between Hospitals and Acute Care Inpatient Units (DRG only)

☐ Device/Equipment ☐ Drug ☐ Medical ☐ Surgery ☐ Test ☒ Other

Effective Date:	10/05/2010	Policy Last Updated:	10/5/2010

☐ **Prospective review is recommended/required. Please check the member agreement for preauthorization guidelines.**

☒ **Prospective review is not required.**

POLICY

NOTE: The effective date of this policy relates to the date BCBSRI created documentation to reflect reimbursement processes that have been already established and does not indicate a change in the payment process.

Description:
This policy only affects those hospitals reimbursed for inpatient services by a DRG methodology. The purpose of this transfer payment policy is to avoid providing an incentive for a hospital to transfer patients to another hospital early in the patients' stay in order to minimize costs while still receiving the full DRG payment. The transfer policy adjusts the payments to approximate the reduced costs of transfer cases.

For Blue Cross purposes we define transfers from one acute care hospital to another. In transfer situations, the transferring hospital is paid based on a per diem rate for each day of the stay, not to exceed the full DRG payment that would have been made if the patient had been discharged without being transferred.

The per diem rate paid to a transferring hospital is calculated by dividing the full DRG payment by the appropriate geometric mean or average length of stay for the DRG, depending on the grouper the hospital is contracted with. Transfer cases are also eligible for outlier payments.[1]

Because this policy only impacts DRG facilities, the transferring hospital is the one potentially affected by reduced reimbursement. For example if the transferring hospital is not reimbursed based on DRGs, and the receiving hospital is, there is no impact under this policy. For any reduction in reimbursement to occur the transferring hospital must be reimbursed on DRGs, and the receiving hospital must be another short-term acute care hospital. No reductions will be made if the patient is discharged to a long term care facility, rehabilitation, or psychiatric hospital, or to a skilled nursing facility or home health agency.

Medical Criteria:
Not applicable.

Policy:
Coverage guidelines for inpatient transfers between a hospitals and another acute care inpatient unit when one of the hospitals is reimbursed at a DRG Rate:

Transferring hospital:

When a patient is transferred and the length of stay is less than the geometric mean or average length of stay for the DRG (depending on the contracted grouper) to which the case is assigned, the transferring hospital is generally paid based on a graduated per diem rate for each day of the stay, not to exceed the full DRG payment that would have been made if the patient had been discharged without being transferred.

Receiving facility:

In the case of acute care transfers, the receiving facility that ultimately discharges the transferred patient receives the full DRG payment, regardless of the length of the patient's inpatient stay.

Patient leaves against medical advice:

The patient leaves a hospital against medical advice and is subsequently admitted to a different hospital on the same day. In this case the first hospital is paid as a transfer and will not automatically get the full DRG.

Coverage:
Benefits may vary between groups/contracts. Please refer to the Evidence of Coverage, Subscriber Agreement, or Benefit Booklet for applicable inpatient benefits/coverage.

Also known as:
Not applicable.

Related topics:
Not applicable.

Published:
Provider Update, December 2010

References:

Centers for Medicare and Medicaid Services (CMS). February 6, 2004;Transmittal 87:Change Request 2934.

Centers for Medicare and Medicaid Services (CMS). Retrieved on 03/4/10 from: http://www.cms.hhs.gov/AcuteInpatientPPS/09_Postacute_Transfer_Policy.asp.