


| REIMBURSEMENT POLICY  | Transfers Between Hospitals  |
|---|--|
| <p><b>Effective Date: 7/1/2022</b></p>  <p style="text-align: right;">7/1/22</p> | <p style="text-align: center;">UM75</p> <p>Committee Approved Date: 6/22</p> |
| <p>Medical Officer                      Date</p>  |  |

## SCOPE:

Providence Health Plan, Providence Health Assurance, Providence Plan Partners, and Ayin Health Solutions as applicable (referred to individually as “Company” and collectively as “Companies”).

- Professional
- Facility—all facilities that are reimbursed on a DRG or modified DRG payment methodology

## APPLIES TO:

All lines of business

### POLICY STATEMENT

**Note:** the following policy statement does not apply to national networks or rented networks (e.g., Premera/BlueCard).

- I. The transfer rule (criterion II.) applies when a member in an acute care inpatient hospital (with any MS-DRG) is:
  - A. Transferred to another acute care inpatient hospital or unit for related care (discharge status code 02 or 82); **or**
  - B. Admitted to another acute care inpatient hospital on the **same date** after leaving their designated hospital against medical advice (discharge status code 07); **or**
  - C. Discharged but then readmitted on the **same date** to another acute care inpatient hospital (unless the readmission is unrelated to the initial discharge\*).

See [Policy Guidelines](#) for discharge versus transfer rules.

- II. The Plan allows reimbursement for services rendered by both the transferring and the final discharging facility when criterion I. above is met. The following reimbursement methodology applies:
  - A. **For commercial and Medicare members:** transferring facility reimbursement is based upon a graduate per diem rate\*\* (see [Policy Guidelines](#)) *if there is no specific*

*transfer language in the contract.*

- B. **For OHP members:** transferring facility reimbursement is based on the number of inpatient days spent at the transferring hospital multiplied by the per diem inter-hospital transfer payment rate (see [Policy Guidelines](#)).
- C. **For all lines of business:** payment is made to the final discharging hospital at the full DRG payment rate.

\*Where a transfer case results in treatment in the second hospital under a MS-DRG different than the MS-DRG in the transferring hospital, payment to each is based upon the MS-DRG under which the patient was treated.

\*\*An exception to the transfer policy applies to MS-DRG 789. The weighting factor for this MS-DRG assumes that the patient will be transferred, since a transfer is part of the definition. Therefore, a hospital that transfers a patient classified into this MS-DRG is paid the full amount of the prospective payment rate associated with the DRG rather than the per diem rate, plus any outlier payment, if applicable.

## POLICY GUIDELINES

### Discharge versus Transfer versus Readmission<sup>1-3</sup>

| Discharge   | Transfer   | Readmission   |
|---|--|---|
| <ul style="list-style-type: none"> <li>• Member has received complete acute care treatment and leaves an acute care hospital for home or a lower level of treatment (e.g., long term care, skilled nursing, etc); <b>or</b></li> <li>• Member dies in the hospital.</li> </ul> <p><b>Note: if a member is discharged but then readmitted on the same date to another acute care hospital for the same condition, the discharge is considered a transfer and transfer rules apply.</b></p> | <ul style="list-style-type: none"> <li>• Transferred to <u>another</u> inpatient hospital for related care (discharge status code 02 or 82); <b>or</b></li> <li>• Admitted to <u>another</u> inpatient hospital on the <b>same date</b> after leaving their designated facility against medical advice (discharge status code 07); <b>or</b></li> <li>• Discharged but then readmitted on the <b>same date</b> to <u>another</u> inpatient hospital (unless the readmission is unrelated to the initial discharge).</li> </ul> | <p>Admitted to the <u>same</u> inpatient hospital less than 31 calendar days from the date of the initial discharge for a related condition or complication arising from the initial admission.</p> |

### Graduated Per Diem Rate (Commercial and Medicare)<sup>2</sup>

For **commercial and Medicare Advantage** claims, transferring hospital reimbursement (i.e., the graduated per diem rate) is determined by dividing the appropriate DRG rate by the geometric mean length of stay (GMLOS) for the specific DRG into which the case falls.

The graduated per diem rate is two times the per diem rate for the first day of the stay and the per diem rate for every following day **up to the full DRG amount**. No payment is made for the day of discharge/transfer.

#### Inter-Hospital Transfer Payment Rate (OHP)<sup>4</sup>

For **Oregon Health Plan (OHP)** members, transferring hospital reimbursement is determined by the number of inpatient days spent at the transferring hospital multiplied by the per diem inter-hospital transfer payment rate.

The per diem inter-hospital transfer payment rate is equal to the DRG payment divided by the geometric mean length of stay for the DRG under which the member was treated. Payment to the transferring hospital will not exceed the DRG payment.

## INSTRUCTIONS FOR USE

Company reimbursement policies serve as guidance for the administration of plan benefits. Reimbursement policies do not constitute medical advice nor a guarantee of coverage. Company reimbursement policies are reviewed annually. The Companies reserve the right to determine the application of reimbursement policies and make revisions to reimbursement policies at any time. Providers will be given at least 60-days' notice of policy changes that are restrictive in nature.

The scope and availability of all plan benefits are determined in accordance with the applicable coverage agreement. Any conflict or variance between the terms of the coverage agreement and Company Reimbursement Policy will be resolved in favor of the coverage agreement.

## CROSS REFERENCES

- Inpatient Readmissions, UM54

## REFERENCES

1. 42 CFR § 412.4 - discharges and transfers. Legal Information Institute. <https://www.law.cornell.edu/cfr/text/42/412.4>. Accessed March 30, 2022.
2. Medicare Claims Processing Manual; Chapter 3 - Inpatient Hospital Billing. <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c03.pdf>. Accessed March 30, 2022. Section 20.1.2.4 Transfers
3. Review of hospital compliance with Medicare's transfer policy. <https://www.cms.gov/files/document/se21001.pdf>. Accessed March 30, 2022.
4. OAR 410-125-0165 - Transfers and Reimbursement - Oregon Administrative Rules. [https://oregon.public.law/rules/oar\\_410-125-0165](https://oregon.public.law/rules/oar_410-125-0165). Accessed March 30, 2022.