

MEMORANDUM

Texas Department of Human Services * Long Term Care/Policy

TO: LTC-R Regional Directors
Section/Unit Managers

FROM: Marc Gold
Section Manager
Long Term Care-Policy
State Office MC: W-519

SUBJECT: Regional Survey & Certification Letter #00-01

DATE: January 26, 2000

The attached RS&C Letter is being provided to you for information purposes and should be shared with all professional staff.

- RS&C Letter No. 00-01 -- Utilization Review (UR) Condition of Participation (CoP) for Hospitals; Call Don McCullough, Utilization Review Department, Health and Human Services Commission, at (512) 490-0430.

If you have any questions, please direct inquiries to the individuals or sections listed above.

~Original Signature on File~

Marc Gold

Attachment

DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Region VI
1301 Young Street, Room 833
Dallas, Texas 75202

January 11, 2000

REGIONAL SURVEY AND CERTIFICATION LETTER NO: 00-01

To: All State Survey Agencies (Action)
All Title XIX Single State Agencies (Information)

Subject: Utilization Review (UR) Condition of Participation (CoP) for Hospitals

The purpose of this letter is to clarify the obligation of State Survey Agencies in surveying the Utilization Review Condition of Participation for hospitals.

The hospital CoP at 42 CFR 482.30(a)(1) states that the provisions of the UR CoP apply except in either of two circumstances: 1) a PRO has assumed binding review for the hospital, or 2) HCFA has determined that the UR procedures established by the State under Title XIX of the Social Security Act are superior to the procedures in 42 CFR 482.30 and has required hospitals in that State to meet the UR plan requirements under 42 CFR 456.50 through 456.245. It should be noted that the Medicare statute prohibits deeming of the UR CoP.

With the inception of the PRO program, the PRO statute eliminated the review function delegated to a hospital. Regulations at 42 CFR 466.86 permit the PRO review activities to fulfill the hospital's UR requirements. Additionally, the intermediaries and carriers are prohibited from conducting such review and payment determinations [42 CFR 466.86(a)(2)]. PROs still have binding review for hospitals. Under the sixth scope of work, PROs are to review hospital admissions (paid under the Medicare prospective payment system) under a new program initiative referred to as the Payment Error Prevention Program (PEPP). The purpose of PEPP is to reduce the occurrence of errors that may result in incorrect payment for hospitals.

Regarding the notice of noncoverage, hospitals are responsible for issuing appropriate notices of noncoverage to their Medicare inpatients. The hospital's UR committees are responsible for monitoring Medicare admissions for appropriateness in order to determine at what point a notice of noncoverage should be issued to the Medicare patients. PROs monitor the appropriateness of the notices given by the fee-for-service hospitals. Hospitals are required to send a copy of the notice to the PRO within three days of issuance. Using this notice and claims data, the PRO will review as needed. This type of review does not apply to notices issued by Medicare+Choice organizations. In addition, this review is different from the review triggered by a beneficiary who disagrees with a notice of noncoverage. The PRO is required to review all beneficiary immediate review requests based on notices given by fee-for-service hospitals and Medicare+Choice organizations.

In summary, SAs are not required to review the UR CoP on routine nonaccredited hospital surveys, validation surveys or complaint surveys. The only exception to this is if the State has applied and been approved for UR procedures superior to those at 42 CFR 482.30. In those cases, the State performs the review according to the State procedures.

If you have any questions regarding this information as it pertains to the hospital survey and certification procedures please contact Dodjie B. Guioa by telephone at 214-767-6179 or E-mail at dguioa@hcfa.gov.

Sincerely,

~Signature on File~

Molly Crawshaw, Acting Branch Chief
Survey and certification Operations Branch