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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

DATE: April 13, 2012

TO: AHCCCS Registered Physicians and Other Licensed Providers

FROM: Marc Leib, MD

SUBJECT: Withholding of Payments for Provider Preventable Conditions, Including Health Care Acquired Conditions and Other Provider Preventable Conditions

Section 2702 of the Affordable Care Act (ACA) prohibits Medicaid programs from reimbursing certain providers for services resulting from a “provider preventable condition” (PPC). PPCs are comprised of two categories: 1) health care acquired conditions (HCACs), and 2) other provider preventable conditions (OPPCs). Beginning July 1, 2012, AHCCCS will implement policies that conform to the federal requirements regarding HCACs and OPPCs.

HCAC

For Medicaid, HCACs are defined as conditions identified by Medicare as Hospital Acquired Conditions (HACs) occurring in the inpatient hospital setting with the exception of deep vein thrombosis/pulmonary embolism following total knee replacement or hip replacement in pediatric and obstetric patients. The occurrence of an HCAC affects payments to hospitals. Payments to physicians and other licensed providers are not affected by the occurrence of an HCAC and these will not be further covered in this memo. Additional information regarding HCACs may be found by accessing the link below.

OPPC

Unlike HCACs, OPPCs are not confined to conditions occurring in the inpatient hospital setting, but may occur in either the inpatient or outpatient setting. In this case, “outpatient” is not limited to hospital outpatient departments, but may include other outpatient settings, such as a clinic, Ambulatory Surgical Center (ASC), Federally Qualified Health Center, or physician’s office.

State Medicaid programs have significant flexibility to define conditions they consider to be OPPCs, but at a minimum must identify any of the following three occurrences as an OPPC:

- Wrong surgical or other invasive procedure performed on the patient;
- Surgical or other invasive procedure performed on the wrong body part; or
- Surgical or other invasive procedure performed on the wrong patient.

At this time AHCCCS will adopt the minimum list of procedures above as OPPCs for purposes of implementing Section 2702 of the ACA. When an OPPC occurs in either the inpatient or outpatient setting, payments for the services resulting in the OPPC will not be made to either the facility in which the OPPC occurred or to the professionals involved in performing the procedure that resulted in the OPPC.

Reporting

Under the federal rule implementing Section 2702, providers must affirmatively report the occurrence of any PPC in a Medicaid member, regardless of whether the provider has submitted a claim for payment for the services that resulted in the PPC. Providers should report these occurrences through the use of the appropriate codes on the UB04 claim form in the case of a hospital or the CMS 1500 claim form for professionals.

For further information or questions refer to

<http://www.azahcccs.gov/commercial/ProviderBilling/ProviderBilling.aspx>