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WV PEIA

INPATIENT HOSPITAL PROSPECTIVE PAYMENT BILLING MANUAL

PUBLIC EMPLOYEES INSURANCE AGENCY

UPDATED 1/1/2026



INPATIENT HOSPITAL SERVICES

JANUARY
—
2026

Under West Virginia Public Payers' prospective payment system (PPS), payments are made prospectively on a per-DRG basis. We follow Medicare's definition of inpatient services as the basis for the standardized payment amount for operating costs

Inpatient care is care a person receives after being formally admitted to a hospital for bed occupancy, requiring a physician's order.

The following is a list of inpatient services as defined by Medicare:

- Bed and board
- Nursing services and other related services, medical social services that are ordinarily furnished by the hospital for the care and treatment of inpatients.
- Drugs, biological, supplies, appliances, and equipment, for use in the hospital for the care and treatment of inpatients.
- Diagnostic or therapeutic items or services, furnished by the hospital.
- Medical or surgical services provided by interns or residents-in-training.
- Services provided by hospital social workers.

Operating costs of inpatient hospital services, which includes all routine operating costs, ancillary service operating costs, and special care unit operating costs with respect to inpatient hospital services, are included in the standardized operating payment amount under the prospective payment system. The standardized payment amount also includes malpractice costs, costs of prosthetic devices, costs of independent laboratory services and other services related to the admission. In addition, costs from the following ancillary departments are also included in the standardized operating amount: operating rooms, radiology, medical supplies, laboratory, pharmacy, anesthesia, oxygen therapy, physical and occupational therapies, speech pathology, electrocardiology, electroencephalography, and renal dialysis.

INPATIENT HOSPITAL SERVICES

02

To facilitate the identification of services that are specifically included in the inpatient operating standardized payment amount, we have developed a table which contains all revenue codes that are billed on the UB-04. Also identified in this table are non-covered services, e.g., luxury items, and services that are excluded from the standardized amount, e.g., professional services of physicians.

The services of hospital-based physicians (e.g., those on salary) include two distinct elements: the professional component and the provider component. The professional component of hospital-based physicians' services include those services directly related to the medical care of the individual patient. These services are billed using the CMS-1500. The provider component involving professional services that benefit the hospital's patients as a group are included under PPS.



INPATIENT HOSPITAL SERVICES

03

Please refer to the following Revenue Code table for detailed coverage information. This table is applicable to billable revenue codes for inpatient services only.

REVENUE CODE	DESCRIPTION	PEIA'S POLICY
10x	All Inclusive Rate	
11x	Private Room*	No additional allowance
12x	Semi-Private Room-2 Beds-	
13x	Semi-Private Room -3/4 Beds	No additional allowance
14x	Deluxe Private*	
15x	Room & Board Ward	
16x	Other Room & Board	
17x	Nursery	
18x 19x	Leave of Absence Subacute (Private Hospital)	
20x	Intensive Care	
21x	Coronary Care	
22x	Special Charges	
23x	Incremental Nursing Charge Rate	
24x	All Inclusive Ancillary	
25x	Pharmacy	
26x	IV Therapy	
27x	Medical/Surgical Supplies-Devices	

REVENUE CODE	DESCRIPTION	PEIA'S POLICY
28x	Oncology	
29x	Durable Medical Equipment (other than renal)	
30x	Laboratory	
31x	Laboratory/Pathological	
32x	Radiology Diagnostic	
33x	Radiology Therapeutic	
34x	Nuclear Medicine	
35x	CT Scan	
36x	Operating Room Services	
37x	Anesthesia	
38x	Blood	
39x	Blood Storage-Processing	
40x	Other Imaging Services	
41x	Respiratory Services	
42x	Physical Therapy	
43x	Occupational Therapy	
44x	Speech-Language Pathology	
45x	Emergency Room	
46x	Pulmonary Function	

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35x	CT Scan	
36x	Operating Room Services	
37x	Anesthesia	
38x	Blood	
39x	Blood Storage-Processing	
40x	Other Imaging Services	
41x	Respiratory Services	
42x	Physical Therapy	
43x	Occupational Therapy	
44x	Speech-Language Pathology	
45x	Emergency Room	
46x	Pulmonary Function	

REVENUE CODE	DESCRIPTION	PEIA'S POLICY
47x	Audiology	
48x	Cardiology	
49x	Ambulatory Surgical Care	
50x	Outpatient Services	Paid under OPPS
51x	Clinic	Paid under OPPS
52x	Free-Standing clinic	Paid under OPPS
53x	Osteopathic Services	
54x	Ambulance	
55x	Skilled Nursing	Not included in DRG
56x	Medical Social Services	
57x	Home Health Aide	Not included in DRG
58x	Home Health Visits	Not included in DRG
59x	Units of Service-Home Health	Not included in DRG
60x	Oxygen Home Health	Not included in DRG
61x	MRI	
62x	Medical/Surgical Supplies	
63x	Drugs Specifically Identified	
64x	Home Health IV Services	Not included in DRG
65x	Hospice Services	Not included in DRG

REVENUE CODE	DESCRIPTION	PEIA'S POLICY
66x	Respite Home Health Only	Excluded
67x	Outpatient-Special Residence	Excluded
68x	Trama Response	
69x	Palliative Care	Not included in DRG
70x	Cast Room	
71x	Recovery Room	
72x	Labor Room/Delivery	
73x	EKG/ECG	
74x	EEG	
75x	Gastro-Intestinal	
76X	Treatment Observation Room Holding Beds	
77x	Preventive Care Services	
78x	Telemedicine	Not included in DRG
79x	Lithotripsy	
80x	Inpatient Renal Dialysis	
81x	Acquisition of organ	
82x	Hemodialysis-OP/Home	Not included in DRG
83x	Perritoneal Dialysis-OP/Home	Not included in DRG
84x	Continuous Ambulatory Peritoneal Dialysis-OP/Home	Not included in DRG

REVENUE CODE	DESCRIPTION	PEIA'S POLICY
85x	Continuous Cycling Peritoneal Dialysis-OP/Home	Not included in DRG
86x	Magnetoencephalography	
87x	Cell/Gene Therapy	
88x	Miscellaneous Dialysis	
89x	Pharmacy-Special Assignment	
90x	Behavioral Health Treatments	
91x	Behavior Health Treatments	
92x	Other Diagnostic Services	
93x	Medical Rehab/Day Program	
94x	Other Therapeutic Services	
95x	Other Therapeutic Services	
96x	Professional Fees	Bill on HCFA 1500
97x	Professional Fees	Bill on HCFA 1500
98x	Professional Fees	Bill on HCFA 1500
99x	Patient Convenience Items[†]	Excluded

*Exclude amount that exceeds the semi-private rate, if patient choice.





DRG ASSIGNMENT

Under the prospective payment system all cases are to be assigned to a DRG using the most current Medicare Grouper Version. The Medicare Grouper is updated on an annual basis and is maintained by 3M.

Each hospital is responsible for assigning patient cases to the correct DRG. DRGs were developed as a patient classification scheme consisting of classes of patients who were similar clinically and in terms of their consumption of hospital resources. The process of forming the DRGs was begun by dividing all possible principal diagnoses into 25 mutually exclusive principal diagnosis areas referred to as Major Diagnostic Categories (MDCs). MDCs are divided into medical and surgical categories. Surgical patient cases are further defined based on the precise surgical procedure performed while medical patients are defined based on the precise principal diagnosis for which they are admitted to the hospital.

Since a patient can have multiple procedures related to their principal diagnosis during a particular hospital stay, and a patient can be assigned to only one surgical class, the surgical classes in each MDC were defined in a hierarchical order. Patients with multiple procedures would be assigned to the surgical class highest in the hierarchy.

The first step is the assignment to an MDC. The patient is then classified as a surgical or medical patient. Surgical patients are then assigned to a surgical class in the appropriate hierarchical order. Surgical cases are then assigned to DRGs based upon the presence or absence of complications. Medical patients are assigned to DRGs based upon their principal diagnosis and as well as their age, sex, discharge status, or the presence of complications.

DRG ASSIGNMENT

The DRG assignment should be made by evaluating the principal and the secondary diagnosis fields and the surgical procedure code fields in the UB-04 hospital bill for each patient. The DRG number to which the patient has been assigned should be placed in field #84, REMARKS, on the UB-04 and in Positions 906-908, if submitting via ASAP and in the 906-908 field, if submitting via tape.

In an effort to ensure the appropriate DRG assignment, the Public Payers have decided to follow the edit guidelines found in the Medicare Code Editor. The Medicare Code Editor (MCE) detects and reports errors in the coding of billing data and inconsistencies in DRG assignment. Some examples of conflicts are: a 75-year-old delivery, a male patient with cervical cancer or male patient with a hysterectomy.



MEDICARE CODE EDITS

Bills that do not meet these edits will result in denial. Please refer to the Medicare Code Edit Table that follows for a listing of the code edits and the process by which the payers will ensure compliance. A detailed description of the Medicare edits is available upon request.

Medicare Code Edits	Claim Edit	Utilization Review
1 Invalid Diagnosis or Procedure Code	Bill will be denied	
2. Insufficient Documentation	Bill will be denied	
3 Duplicate of Principal Diagnosis		Medical Record/Bill Audit will be Conducted
4 Age Conflict	Bill will be denied	
5 Sex Conflict	Bill will be denied	
6 Manifestation Code as Principal Diagnosis	Bill will be denied	
7 Non-Specific Principal Diagnosis		Medical Record/Bill Audit will be Conducted
8 Questionable Admission		Medical Record/Bill Audit will be Conducted
9 Unacceptable Principal Diagnosis	Bill will be denied	
10 Non-specific O.R. Procedure		Medical Record/Bill Audit will be Conducted
11 Non-covered Procedure	Bill will be denied	
12 Open Biopsy Check		Medical Record/Bill Audit will be Conducted
13 Medicare as Secondary Payor--MSP Alert	Not Applicable	
14 Bilateral Procedure		Medical Record/Bill Audit will be Conducted
15 Invalid Age	Bill will be denied	
16 Invalid Sex	Bill will be denied	
17 Invalid Discharge Status	Bill will be denied	

DETAILED DEFINITIONS AVAILABLE UPON REQUEST.

EXCLUSIONS FROM PPS HOSPITAL PAYMENT

12

Facilities Excluded

Specialty hospitals such as freestanding psychiatric, rehabilitation, and long-term care hospitals, as well as distinct-part units of acute general hospitals treating similar patients are excluded from the DRG payment system. Cases treated in any of these facilities are not paid under PPS. Each hospital must have a separate hospital identification number to identify their distinct-part psychiatric and rehabilitation units.

Admissions to West Virginia Critical Access Hospitals are paid based on published per diem rates and they are not paid under PPS.

DRG Exclusions

The following DRGs are excluded from the prospective payment system:

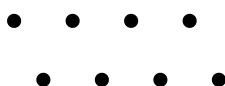
DRG 462, Rehabilitation: If rehabilitation treatment is rendered outside a distinct-part rehabilitation unit or a freestanding rehabilitation hospital, the patient cannot be assigned to the rehabilitation DRG. Payment will be denied.

Transfer Cases Excluded

Under the transfer payment policy, all sending hospitals will receive a graduated per diem based upon the DRG to which the case is assigned for the sending hospital's phase of the treatment. Hospitals that receive a transfer case from another acute care hospital and make another transfer of the case to another acute care hospital or back to the original sending hospital are considered transferring hospitals under this payment policy. These hospitals receive the per diem payment rates. The final discharging hospital receives a full DRG payment amount. Each phase of the hospitalization is assigned a DRG based upon the principal diagnosis and surgical procedures performed during the respective phase. Transfer cases are eligible for high cost outlier payments.

All transfer cases must have an "02" value in the patient discharge status code field #23 on the UB-04.

Cases assigned to DRG 789 are not eligible for transfer payment. These cases will be paid the full DRG rate because the weighting factors for this DRG assumes the patient will be transferred.





SPECIAL PAYMENT CONSIDERATIONS

Sole Community Hospitals

Sole Community hospitals, not classified as West Virginia Critical Access Hospitals (CAH), will receive special payment considerations. Sole community hospitals' payment will be a blend of the hospital's own specific costs and the standardized amount for rural hospitals.

Rural Referral Centers

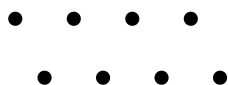
Rural Referral Centers will be paid like all other PPS hospitals (i.e., no special payment considerations will be provided).

EACH Hospitals

Essential Access Community Hospitals (EACH) will receive payment like Sole Community Hospitals. These hospitals will be paid based on a blend of their own facility costs per case and the appropriate peer group standardized amount.

Level III NICU

Hospitals with Level III Neonatal Intensive Care Units (NICU) which bill DRGs 385-390 will be paid at a higher rate, for these services, than hospitals with Level I and II units.



GENERAL BILLING INSTRUCTIONS

14

OUTPATIENT SERVICES TREATED AS INPATIENT SERVICES:

Certain outpatient services are included in the inpatient DRG rate. When a patient receives outpatient hospital services the day of an admission, the outpatient hospital services are treated as inpatient services. Payment for these outpatient services is included in the applicable PPS payment and may not be billed separately. Only one claim is billable and should be inclusive of outpatient services and all inpatient services. Submission of separate claims may result in denial of both claims. A corrected bill must then be submitted.

TRANSFERS BETWEEN PPS HOSPITALS:

The transferring hospital will be paid based upon a per diem rate. The per diem rate will be the prospective payment rate divided by the average length of stay at the transferring hospital. Admissions of less than 1 day will be paid for 1 day. If the patient was admitted with the expectation of staying overnight, pay for 1 day. If the patient is treated in the emergency room without being admitted and is then transferred, outpatient billing is appropriate.

The discharging hospital will be paid the full prospective payment rate. When a transfer case results in treatment in the second hospital for a DRG different than the DRG in the transferring hospital, each hospital is paid based on the DRG under which the patient was treated.

TRANSFERS TO HOSPITALS/UNITS EXCLUDED FROM PPS:

Payment for patients transferred to hospitals or distinct-part units which are excluded from PPS. Calculations will be made based upon the payment methodology in place for non-transfer cases at those facilities.



GENERAL BILLING INSTRUCTIONS

15

DISCHARGES TO NURSING HOMES OR HOME HEALTH FOR QUALIFIED DRG STATUS:

A discharge of a hospital inpatient is considered to be a post-acute transfer when the patient's discharge is assigned to a qualifying diagnosis-related group (DRG) and the discharge is made under any of the following circumstances:

- To a hospital or distinct part hospital unit excluded from the prospective payment system
- To a Skilled Nursing facility

Whether PEIA pays for a discharge, or a transfer depends on the patient discharge status code assigned by the hospital. To ensure proper payment under the Diagnosis Related Group (MS-DRG) payment system, hospitals must be sure to code the discharge/transfer status of patients accurately to reflect the patient's level of post-discharge care. For example, patient discharge status code 03 should be used when a beneficiary is transferred to a skilled nursing facility.

PEIA makes the full DRG payment to an acute-care hospital that discharges an inpatient to home or certain types of health care institutions, such as facilities that provide custodial care. In contrast, PEIA pays an acute-care hospital that transfers a beneficiary to post-acute care a per diem rate for each day of the beneficiary's stay in the hospital. The total per diem payment is intended to be payment in full to cover the inpatient costs of the beneficiary stay. The total per diem payment cannot exceed the full DRG payment that would have been made if the beneficiary had been discharged to home.



WHEN TO BILL ADJUSTMENT:

16

Under PPS, adjustments are required where errors occur in diagnosis and procedure coding that change the DRG, or where utilization is affected. Hospitals must submit adjustment bills within 60 days of your payment notice.

BILLING FREQUENCY:

Under PPS, hospitals may bill 60 days after an admission if the patient is still hospitalized, and every 60 days thereafter. The initial claim will be processed through the DRG grouper, and the following claim(s) will be processed as an adjustment.

Admissions of less than 60 days must be billed once the patient is discharged. Interim bills for less than 60 days will be denied.

READMISSIONS WITHIN SEVEN (7) DAYS OF DISCHARGE:

Hospital admissions occurring within seven (7) days of discharge from an acute care hospital will be reviewed by the utilization review department, if it appears that the two confinements could be related. If unrelated, two separate payments will be made.

PAYMENT FOR PURCHASED SERVICES:

Payment of non-physician services which hospitals must obtain for their patients are included in the PPS payment rate. The following medical items, supplies, and services are covered as hospital services:

- Laboratory services (excluding anatomic pathology services);
- Pacemakers and other prosthetic devices including lenses, artificial limbs, knees, and hips;
- Radiology services, including CT scans furnished to inpatients by a physician's office, other hospital or radiology clinic;
- Total parenteral nutrition (TPN) services; and
- Transportation, including transport by ambulance, to and from another hospital or freestanding facility to receive specialized diagnostic or therapeutic services not available at the facility where the patient is an inpatient. Hospitals include the cost of these services in the appropriate ancillary service cost center (i.e., in the cost of the diagnostic or therapeutic service, not under revenue code 540).



UB-04 (CMS-1500) Consistency Edits:

In order to be processed correctly and promptly, a bill must contain complete and accurate information. Claims with incomplete information will be denied and returned to the provider for correction. Form Locator four (4) is especially important because for PPS processing, it may determine payment and/or eligibility of the admission. Definitions listed in the UB-04 National Uniform Billing Instructions will be required to correctly indicate the "Type of Bill" you are submitting.

PROCESSING FOR PPS EXCLUSIONS

FACILITIES: Freestanding psychiatric, rehabilitation, long-term care facilities and distinct-part units of acute care hospitals are not paid under PPS. These facilities and distinct-part units will have a separate hospital identification number to identify their psychiatric and/or rehabilitation status. Claims for these facilities/distinct-part units will be processed with a 45% discount from charge.

VETERANS HOSPITALS: Veterans Administration Hospitals are paid in accordance with the United Health Care, Choice Plus contract.

OUT-OF STATE FACILITIES: Claims for out-of-state hospital admissions are paid in accordance with the United Health Care, Choice Plus contract.

SKILLED NURSING FACILITIES: Admissions to skilled nursing facilities will be processed with a 45% discount from charge unless otherwise negotiated through the Third Party Administrator. Electronic or paper claims with correct UB-04 billing information will be required.

DRG 462, REHABILITATION:

If rehabilitation treatment is rendered outside a distinct part rehabilitation unit of an acute care facility, the patient cannot be assigned to the rehab DRG payment will be denied.





PROCESSING FOR PPS EXCLUSIONS

ORGAN TRANSPLANT DRGs: All cases receiving a transplant DRG will be paid by DRG or according to the terms of the existing contract.

INVALID DRGs: DRGs which are not defined in the current Grouper are not valid and will be denied.

SAME DAY LIVE DISCHARGES: PEIA allows payment of “one per diem” allowance for “Same Day Live Discharges.”

Mother and Baby bills may be billed as two separate claims to ensure proper payment for any non routine services.

DRG ADMISSIONS: Notification is required for in state or contiguous county admissions.

PRE CERTIFICATION: Pre Certification is required for any admission outside of West Virginia, beyond the contiguous counties.

HOSPITAL BILL AUDIT: Criteria for auditing inpatient hospital claims will vary. While charge audits to validate expenses will be performed, the auditing of PPS services will place more emphasis upon the appropriate utilization of services with review of ICD-10 diagnosis and procedural coding.

EFFECTIVE DATE. Claims incurred on or after July 1, 2006 will be processed in accordance with the DRG guidelines in effect the date of admission.