PATIENT DISCHARGE STATUS CODES MATTER

Target Audience: Medicare Fee-For-Service Providers

The Comprehensive Error Rate Testing (CERT) contractor has issued errors related to the incorrect use of Discharge Status Codes that may result in an overpayment or underpayment of Medicare claims. Even if the incorrect code does not affect payment, this is considered an error and is reflected in state and national CERT error rates for facilities.

The discharge status code identifies where the patient is being discharged to at the end of their facility stay or transferred to such as an acute/post-acute facility. The discharging facility should ensure that documentation in the patient's medical record supports the billed discharge status code. Billing the incorrect code may affect their payment, but will impact any other facility receiving the patient, often preventing them from successfully submitting their claim to Medicare.

For example, the discharging facility uses Discharge Disposition 03 (discharge to a skilled nursing facility); however, the submitted documentation indicated the beneficiary was discharged to a rehabilitation facility and should have used Discharge Disposition 62. This resulted in incorrect payment to the discharging hospital and the admitting facility was not able to be paid due to the incorrect billing of the discharge facility.

Plans can change after the patient is discharged resulting in the patient going to a different location than what was expected or documented in the medical record. Facilities are encouraged to follow-up with the patient after discharge and prior to submitting the claim to Medicare to ensure the patient went to the planned facility that was recorded in the medical record. This will prevent incorrect billing of the Discharge Status Code and avoid unnecessary adjustments to claims when the incorrect code is used.

Improper payments due to incorrect billing of Discharge Status Codes are costly to the Medicare program and are easily preventable. Resources include:

- CMS Publication 100-8, Chapter 6, Section 6.5.3
- CMS Publication 100-04, Chapter 3, Section 40.2.4