



# Preventable Adverse Events

## Reimbursement Policy

### Purpose

Community Health Options (“Health Options”) does not reimburse services associated with Preventable Adverse Events (PAE) and/or “Never Events” as defined by Centers for Medicare & Medicaid Services (CMS) and State Law.

### Definitions

- **Health care facility:** a hospital or ambulatory surgical center
- **Hospital Acquired Condition (HAC):** an undesirable situation or condition that affects a patient and that arose during a stay in a hospital or medical facility.
- **“Never Events”:** are errors in medical care that are clearly identifiable, preventable, and serious in their consequences for patients, and that indicate a real problem in the safety and credibility of a health care facility.

### Policy

A Hospital Acquired Condition (HAC) is a medical condition or complication that a patient develops during a health care facility stay, which was not present at admission. In most cases, health care facilities can prevent HACs when they give care that research shows gets the best results for most patients.

“Never events” are wrong procedures, or procedures performed on the wrong body part, wrong person, or post-operative death. Never events are considered not medically necessary as they are not required to diagnose or treat an illness, injury, disease or its symptoms and are not consistent with generally accepted standards of medical practice.

Preventable Adverse Events (PAE) are defined as the following:

- HAC
- “Never Events”

### Billing, Reporting and Documentation Requirements

Health Options requires all claims involving inpatient admissions to general acute care hospitals or other facilities that are subject to a contract, law, or regulation mandating collection of Present on Admission (POA) information to submit POA indicators on claim submissions.

- **Paper Claims:** The eight character of Form Locator (FL) 67 – Principal Diagnosis and each of the secondary diagnosis fields FL 67A-Q. The eighth character of FL 72 – External Cause of Injury (ECI) (3 fields on the form).
- **Electronic Claims:** Submit the POA indicator on the 837I in the appropriate Health Care Information Codes segment as directed by the *Official UB-04 Data Specifications Manuals* published by the National Uniform Billing Committee (NUBC).

Failure to provide the POA indicator(s) may result in a claim denial or rejection.

ICD codes exempt from POA reporting are published in the *ICD-10-CM Official Guidelines for Coding and Reporting, Appendix I – Present on Admission Reporting Guidelines*.

### Present on Admission (POA) Indicators

Y	Diagnosis was present at time of inpatient admission
N	Diagnosis was not present at time of inpatient admission
U	Unknown: The documentation is insufficient to determine if condition was POA
W	Clinically undetermined: The provider is unable to clinically determine whether the condition was POA
Blank	Exempt from POA reporting based on the official guidelines

Health Options reserves the right to request medical records to support documentation submitted for reimbursement.

Health care providers are required to identify the charges and/or days which are the direct result of the PAE and remove those charge items from the claim prior to claim submission to Health Options. Health care providers shall not bill Health Options, employers, other payers or covered members for PAE services performed in either the inpatient or outpatient setting.

### Conclusion

Health Care providers (facilities, physicians and other health care professionals) are responsible for accurately and timely: documenting, billing, and coding by following CMS and NUBC guidelines for appropriate claims review processing by Community Health Options.

Health Options does not reimburse services associated with PAE across all health care settings.

### References / Resources

Maine State Legislature. (2008, July 18). Chapter 605 LD 2044. *An Act To Prohibit Health Care Facilities from Charging for Treatment To Correct Mistakes or Preventable Adverse Events*. Retrieved from <http://legislature.maine.gov/>

### Document Publication History

11/28/2022 Annual review: removed lack of billing guidelines from CMS-1500 notation  
12/28/2021 Annual review: added State law for ASC (Ambulatory Surgical Centers)  
11/9/2020 Initial publication

---

This policy provides information on Community Health Options' claims adjudication processing guidelines. As every claim is unique, the use of this policy is neither a guarantee of payment nor a final prediction of how specific claim(s) will be adjudicated. Claims payment is subject to member eligibility and benefits on the date of service, coordination of benefits, referral/authorization and utilization management guidelines when applicable, adherence to plan policies and procedures, and claims editing logic. Community Health Options reserves the right to amend a payment policy at its discretion. Policies are enforced unless underpinning direction stated otherwise.