
Contracted Inpatient Services for Allied Health

Page updated: August 2020

This section contains information about selective contracting between Medi-Cal and acute care hospitals for inpatient services.

Notice: Effective for admissions on or after July 1, 2013, payment for inpatient general acute care hospitals (which do not participate in certified public expenditure reimbursement) is based on a diagnosis-related groups (DRG) reimbursement methodology. Due to DRG, the instructions in this manual section may not pertain to your facility. If your facility is reimbursed according to the DRG model, refer to corresponding DRG instructions in the appropriate Part 2 provider manual.

This section will be retained in the provider manual to accommodate claims submitted prior to July 1, 2013 and non-DRG-reimbursed claims, until the Department of Health Care Services (DHCS) direct its removal or update. Some instructions in this section are no longer supported.

Introduction

Health Facility Planning Areas (HFPAs)

California law, *Welfare and Institutions Code (W&I Code)* Section 14081, et. seq., provides selective contracting between the Medi-Cal program and acute care hospitals for inpatient services to Medi-Cal recipients. The contracts, negotiated by the Office of the Selective Provider Contracting Program (OSPCP), assure recipient access to necessary acute inpatient services within each contract Health Facility Planning Area (HFPA). When a contract area has been closed, all hospital providers, except those exempted by law, are designated as contract or as non-contract.

Hospitals exempted by law from the selective hospital contracting process include state and out-of-state hospitals. In addition, hospitals in areas where contract negotiations have not occurred are exempted from the selective hospital contracting requirements and should continue offering services to Medi-Cal recipients as they have in the past. Health care for Medi-Cal recipients who are members of Health Maintenance Organizations (HMOs) continues to be provided as it has in the past.

For information regarding individual hospital contracts, contact:

Hospital Contracts Administration Unit
Medi-Cal Operations Division
Department of Health Care Services
MS 4506
1501 Capitol Avenue, Suite 71.3002
P.O. Box 997419
Sacramento, CA 95899-7419
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SELECTIVE HOSPITAL CONTRACTING INFORMATION

General Introduction

The following regulations define the conditions under which non-contract and contract hospitals will be reimbursed for providing inpatient services to Medi-Cal recipients. They also include guidelines to be used in determining the condition of medical stability of an acute care patient who may be transported from a non-contract hospital to a contract hospital.

“Hospital Acute Care” Definition

California Code of Regulations (CCR), Title 22, Section 51110, defines “hospital acute care” as follows:

“Hospital acute care means those services provided by a hospital to patients who need, or must have available the facilities, services, and equipment described in Section 51207 for prevention, diagnosis, or treatment of illness or injury.”

The regulation also defines medical stability of an acute care patient for transport as the condition which allows the patient “to reasonably sustain a transport in an Emergency Medical Technician I (EMT-I) staffed ambulance, with no expected increase in morbidity or mortality.”

Covered Services for Non-Contract Hospitals

CCR, Title 22, Section 51327, specifies the scope of coverage for inpatient hospital services. A hospital designated as contracting may provide medically necessary inpatient services to Medi-Cal recipients.

However, a hospital designated as non-contracting is limited to providing the following medically necessary inpatient services:

- Emergency services and subsequent inpatient services until the patient's condition is stabilized sufficiently for transport of the patient to a contracting hospital
- Services to a hospitalized recipient who is stable for transport and requires continued acute inpatient care; however, such care is not available in the local contracting hospital
- Services to a recipient who is eligible for Medicare benefits providing the provider makes a reasonable effort to secure from the recipient information as to any other coverage
- Services to a Medicare Part A crossover patient subsequent to the exhaustion of Medicare inpatient benefits as long as the recipient is in a life threatening or emergency situation that could result in permanent impairment, and until the patient's condition meets the definition of "stable" for transport to a contracting hospital
- Services to recipients who live or reside farther than the community travel time standard, as defined by the Department of Health Care Services (DHCS), from a contracting hospital
- Services to a recipient when retroactive authorization has been granted in accordance with Section 51003(b)

SELECTIVE HOSPITAL CONTRACTING INFORMATION FOR MEDICAL TRANSPORTATION

General Introduction

Ambulance and other medical transportation charges for transporting a patient from a contracting hospital to another acute level facility for services that are covered by that hospital's contract are reimbursed by the contracting hospital. There is no separate Medi-Cal reimbursement for these transportation services and no *Treatment Authorization Requests* (TARs) will be approved.

Inquiries for RAD Code 348 Denials

Questions regarding denials for RAD code 348 should be directed to the contract hospital, not the California MMIS Fiscal Intermediary. If the problem is unresolved, then a complaint letter specifying the nature of the problem should be sent to DHCS at the address listed on a previous page. «For a description of RAD code 348, see the *Remittance Advice Details (RAD) Codes, Messages and Electronic Correlations* spreadsheet in the *Remittance Advice Details (RAD) and Medi-Cal Financial Summary* section.»

This policy affects neither the TAR requirements nor the billing of ambulance and other medical transportation charges for transportation prior to admission to a contract hospital. This policy also has no effect on the policy for transporting discharged patients from contracted hospitals.

Reimbursement for Transportation to Another Acute Facility

Contract hospitals are responsible for providing or reimbursing for transportation services when the patient is an inpatient in that hospital between hospitals to obtain a CAT scan, the originating hospital is responsible for paying for the transportation services.

If ambulance providers bill Medi-Cal for more than they receive from contract hospitals for the same service, a violation of CCR, Title 22, Section 51501, would occur. This section provides, in part, “(a) Notwithstanding any other provisions of these regulations, no provider shall charge for any service or any article more than would have been charged for the same service or article to other purchasers of comparable services or articles under comparable circumstances.”

Billing for Delegated Services

A contract hospital may delegate services included in its contract with the State. This delegation of services may include other contract hospitals, non-contract hospitals, or exempt hospitals. When a contract hospital delegates, that contract hospital assumes the total risk for all costs of services rendered by the delegate hospital.

Contract hospitals are responsible for billing Medi-Cal for all delegated services. Reimbursement of these services will be based on the negotiated per diem rate regardless of the amount billed to the contract hospital by the delegate hospital. Medi-Cal reimbursement will be made to the contract hospital, which in turn will reimburse the delegate hospital. When transporting patients receiving a delegated service, Medical Transportation providers should bill the contract hospital for reimbursement.

Admission to Non-Contracting Hospitals When Travel Time Exceeds Community Standards

Authorization for non-emergency services in non-contracting hospitals may be granted to recipients residing farther from the nearest contracting hospital than the greater of 30 minutes or the travel time standard for the community. A TAR will only be granted if the non-contracting hospital is closer to the recipient's home than the nearest contracting hospital.

Travel Time Standard for Specialized Services

Two travel time standards will be established by DHCS in each community – one for general acute care and one for specialized services. The specialized services travel time standard is to be used in approving TARs in non-contracting hospitals for services such as open heart surgery, organ transplant, burn care, neonatal intensive care and pediatric intensive care.

Admission to Non-Contracting Hospitals Not Approved for Non-Emergency Services

In general, admission to non-contracting hospitals cannot be approved when the services are non-emergency and contracting hospitals provide the needed services, even though no bed is currently available at the contracting hospitals.

Travel Time Measurement

The travel time is measured from the recipient's normal place of residence. The recipient's name, address and ZIP code must be entered on the TAR form so the Medi-Cal field office consultant can compute travel time.

If the distance from a recipient's home to any hospital which can provide the necessary service exceeds normal community travel time standards, admission to a non-contracting hospital may be authorized, but only if there is no contracting hospital to provide the necessary service within the contracting area. If no hospital in the contracting area has the capacity to provide the required service, admission may be authorized only at the nearest contracting hospital which has the capacity to provide the required service.

“Contracting Area” Definition

“Contracting area” is described as Health Facility Planning Areas (HFPA) where Medi-Cal non-emergency inpatient hospital reimbursement is provided through contractual agreement with DHCS. A contracting area may encompass multiple, adjacent HFPAs. If a Medi-Cal covered service has not been contracted for anywhere in the state, authorization may be granted for the service in a non-contracting hospital nearest the recipient.

TRANSPORTATION GUIDELINES: MANUAL OF CRITERIA FOR MEDI-CAL AUTHORIZATION

Introduction

CCR, Title 22, Section 51003, incorporates amendments to the *Manual of Criteria for Medi-Cal Authorization*.

Manual of Criteria for Medi-Cal Authorization was amended to include guidelines to be used in determining when a patient’s condition is stable enough for the patient to be transported from a non-contract hospital to a contract hospital in an EMT-I staffed ambulance. The following guidelines were developed by medical experts in emergency medicine based on the definition of medical stability and based on the scope of practice of an EMT-I contained in CCR, Title 22, Section 10015.

Stable for Transport Guidelines

- I. A hospital designated as non-contracting may be reimbursed for medically necessary inpatient services provided to recipients in life threatening or emergency situations that could result in permanent impairment.

- II. Once the Medi-Cal medical consultant determines that a patient was appropriately admitted to a non-contracting hospital on an emergency basis, the Medi-Cal medical consultant shall authorize one day of acute hospital stay.

(“Appropriately admitted” means the patient’s condition met the definition of an emergency condition and the patient was admitted with a reasonable expectation that the patient would remain overnight, even if he or she does not actually remain in the facility overnight.)

Authorization of any additional days of stay at the non-contracting hospital beyond the first day should be granted only if the patient’s condition is not stable for transport, as defined below. However, once this patient’s condition is stable based on these guidelines, the patient is no longer considered to be in an emergency situation. Therefore, Medi-Cal reimbursement shall no longer be available to the non-contracting hospital.

- III. Medical stability is defined as an acute care patient able to reasonably sustain a transport in an EMT-I staffed ambulance, with no expected increase in morbidity or mortality.
- IV. A hospital designated as non-contracting may receive Medi-Cal reimbursement for inpatient acute hospital services provided to Medi-Cal recipients who have Medicare coverage. The non-contract hospital is reimbursed for those medically necessary services not covered by Medicare, e.g., the deductible. However, if a Medicare/Medi-Cal recipient’s hospital inpatient Medicare coverage is exhausted, the non-contract hospital will only be reimbursed by the Medi-Cal program if the Medicare/Medi-Cal recipient is in a life threatening or emergency situation that could result in permanent impairment, and the recipient’s condition does not meet the definition of stable for transport.
- V. For the purpose of approving Medi-Cal authorization within non-contract hospitals, the professional judgment of the Medi-Cal consultant will be used to distinguish between a patient whose condition meets the definition of stable for transport from a patient whose condition does not meet that definition. The following factors shall be used as guidelines by the Medi-Cal consultant when making such a determination:

- General Condition

- Stable

Patients considered stable for transport in an EMT-I staffed ambulance should have stable blood pressure and pulse, and be breathing on their own. They may have a normal or reduced level of consciousness, but should be stable at that level.

- Unstable

Patients who require an intensive care level of monitoring of their vital signs (pulse, respiration, blood pressure) or may require bedside intervention in anticipation of a possible rapid decline in their condition are not considered stable.

Patients with low, extremely high, or rapidly fluctuating blood pressure are not stable.

Patients requiring continuous cardiac monitoring and/or the potential need for cardiac resuscitation are not stable.

- Mobility

- Stable

Patients considered stable for transport in an EMT-I staffed ambulance may include ambulatory and

non-ambulatory patients, including those requiring splinting or casting of extremities.

Patients requiring traction may also be transferred if either the traction can be arranged to be consistent with transport, or the patient may go without traction for the time required with no expected ill effects.

- Unstable

Patients with unstable spinal fractures are not considered stable.

- Drug Requirements

- Stable

Patients who are on oral or intramuscular (IM) medications are considered stable, providing that no administration of the drug or monitoring of its effects are expected en route.

Patients with I.V.s may be transferred by an EMT-I staffed ambulance if the rate of I.V.s could vary substantially with no ill effects for the patient and monitoring or intervention by the EMT-I is not expected.

– Unstable

EMTs-I are not trained or authorized to administer, make any judgments, or intervene in relation to drug administration. Patients whose vital signs or stability are immediately dependent upon proper drug therapy are not considered stable for transport in an EMT-I staffed ambulance.

Patients requiring a higher level of service during transport than available with an EMT-I staffed ambulance, shall not be deemed stable for transport unless a compelling medical necessity exists for that transfer (as with burns, or intensive care nursery, etc.).

All hospital-to-hospital transport from a non-contract to a contract facility shall be by ambulance to the nearest (contract or exempt) hospital which has a bed available and the capacity to provide the necessary care. The transfer shall be for a patient that can sustain transport as determined by the Medi-Cal consultant in accordance with the preceding criteria.

Emergency Obstetrical Delivery Services

- I. Hospital admission to non-contract hospitals for obstetrical delivery services are not covered without authorization. Approval will be granted only for those obstetrical delivery services that meet the definition of emergency.
- II. Emergency services means those inpatient services required to be provided to program recipients in life threatening or emergency situations that could result in permanent impairment.
- III. TARs will be required for approval of obstetrical delivery services with non-contract hospitals in the same manner as all other emergency admissions.

<<Legend>>

<<Symbols used in the document above are explained in the following table.>>

Symbol	Description
<<	This is a change mark symbol. It is used to indicate where on the page the most recent change begins.
>>	This is a change mark symbol. It is used to indicate where on the page the most recent change ends.