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**CHAPTER 25: HOSPITAL SERVICES**

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**PRIOR AUTHORIZATION**

Prior Authorization (PA) of certain services is necessary from a quality assurance, and from a cost benefit, standpoint. This section contains the inpatient and outpatient services, which require review prior to reimbursement being authorized. This section also contains the policy regarding PA and refers to Appendix A, which includes the forms and instructions used to secure the PA.

Besides the services found below, Medicaid has included a process for emergency authorization of certain equipment, which are considered life threatening should a delay in their receipt occur. These include Apnea monitors, breathing equipment, hyperalimentation therapy aids (parenteral and enteral) and suction machines. In addition to these items for life threatening situations, emergency requests may be made for the temporary rental of wheelchairs for post-operative needs after a hospital discharge. The providers of emergency items must contact the Prior Authorization Unit (PAU) immediately by telephone and provide the following information:

1. The beneficiary's name, age, and 13-digit Medicaid identification number;
2. The treating physician's name;
3. The diagnosis;
4. The time period of need for the item(s);
5. A complete description of the item(s) requested;
6. The reason that the request is a medical emergency; and
7. The cost of the item.

The decision will be made by the PAU within two working days of the date the completed request is received, and the PAU will contact the provider by telephone and follow up in writing.

**Requests for Prior Authorization**

Providers may submit requests for PA by completion of the Louisiana Request for Prior Authorization Form, the PA-01. No other form will be accepted. Completed requests must be sent to the PAU. Requests may be mailed, faxed or submitted through electronic PA (e-PA). **The preferred method is e-PA.**

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Outpatient rehabilitation is one of the services prior authorized on the PA01 (see Appendix A for information regarding this form) and is reimbursed at a flat fee-for-service. Hospitals are reimbursed by the Healthcare Common Procedure Coding System (HCPCS) for outpatient rehabilitation services including:

1. Physical therapy;
2. Occupational therapy; and
3. Speech and hearing therapy.

A licensed physician must make the referral. The referral must include the diagnosis, the date of the accident (or onset of illness), the address of the referring physician, their specialty (if known), and the date of the referral. The hospital must retain a copy of the physician's referral on file.

The rehabilitation services department must evaluate the beneficiary. Initial therapy and extended therapy plans require prior authorization. Evaluation codes do not require prior authorization, but are limited to one evaluation per 180 days.

<b>Description</b>	<b>HCPC</b>
Evaluation of Speech Fluency	92521
Evaluation of Speech Production	92522
Speech Sound Lang Comprehension	92523
Behavioral Quality Analysis Voice	92524
Speech/Lang/Hear Therapy – per 15 min	92507
Physical Therapy Evaluation: Low Comp	97161
Physical Therapy Evaluation: Mod Comp	97162
Physical Therapy Evaluation: High Comp	97163
Re-Evaluation of Physical Therapy	97164
Therapeutic Exercises – per 15 min	97110

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Description	HCPC
Occupational Therapy Evaluation: Low Comp	97165
Occupational Therapy Evaluation: Mod Comp	97166
Occupational Therapy Evaluation: High Comp	97167
Re-Evaluation of Occupational Therapy	97168
Therapeutic Activities – per 15 min	97530

When requesting PA for outpatient rehabilitation services, the following information must be included and sent to the PAU, or the request will be denied:

1. Completed copies of the PA-01 and PA-02. (See Appendix A for information on forms);
2. Initial therapy and extended therapy plans;
3. Number of services, visits being requested;
4. Physician's referral;
5. Evaluation results; and
6. Revenue Code and the HCPCS code.

**NOTE:** CPT codes 97110 and 97530 may be billed with either Physical therapy revenue codes or Occupational therapy revenue codes to best reflect the specific scope of services provided.

Extension requests should be submitted at least 25 days prior to the end of the approved period. The requests should have, at a minimum, the following information attached:

1. Therapy notes;
2. Current evaluation results;
3. Goals and objectives; and
4. Copy of the physician's referral.

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In cases where a delay in therapy would result in deterioration of the medical condition (e.g., burn cases, accidents, or surgery) the treatment may be instituted subject to later approval. The request for therapy should be submitted within the first week of therapy, with an explanation and a request for approval from the start of therapy.

Reimbursement for rehabilitation services provided without an approved plan for therapy will be dependent on the approval of the treatment plan.

To expedite the approval process, if it is known that outpatient rehabilitation services will be required upon discharge, a PA request can be submitted using anticipated discharge date as the beginning date of service.

Services may be provided by any enrolled Medicaid provider even if furnished as part of an Individual Family Service Plan (IFSP) or Individual Service Plan or provided in a school setting. These services may be received at home from a provider of home services or home health agency.

**Outpatient Surgery Performed On An Inpatient Basis**

Certain surgical procedures are covered only when performed as outpatient unless otherwise authorized. These procedures are usually performed on an outpatient basis but can be performed inpatient if it is medically necessary and PA is obtained. Request for PA must be submitted on form PA-01. When both the primary and secondary procedures require PA, list all procedures on the PA-01. A list of outpatient procedures requiring PA to be performed on an inpatient basis may be found on the Louisiana Medicaid website under fee schedules.

**NOTE:** Refer to Section 25.3 for more information on Outpatient Services and 25.8 for specific billing instructions.

The PCF01 form should be submitted prior to performance of the surgery. However, post authorization may be requested in emergency situations. See post authorization information below.

Providers requesting length of stay (LOS) for outpatient surgery performed as inpatient must use the PCF01 form. To expedite the review process, the appropriate medical data should be attached to substantiate the need for the service being provided in an inpatient setting.

Approval for inpatient performance of these procedures will be granted only when one or more of the following exception criteria exists:

1. Documented medical conditions exist that make prolonged pre-and/or post-operative observation by a nurse or skilled medical personnel a necessity;
2. The procedure is likely to be time consuming or followed by complications;

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3. An unrelated procedure is being performed simultaneously that requires hospitalization;
4. There is a lack of availability of proper post-operative care;
5. Another major surgical procedure could likely follow the initial procedure (e.g., mastectomy);
6. Technical difficulties as documented by admission or operative notes could exist; and
7. The procedure carries high beneficiary risk.

**NOTE:** Authorization is not required if the procedure is performed in a hospital based ambulatory surgery center.

Reimbursement for the performance of these specified surgical procedures on an outpatient basis will be made on a flat fee-for-service basis. Reimbursement for surgical procedures approved for an inpatient performance will be made in accordance with the prospective reimbursement methodology for acute care inpatient hospital services.

**Organ Transplants**

Transplants must be prior authorized by the Louisiana Department of Health (LDH). Transplants (other than bone marrow and stem cell) must be performed in a hospital that is a Medicare approved transplant center for the procedure. Hospitals seeking Medicaid coverage for transplant procedures must submit documentation verifying that they are a Medicare approved center for each type of transplant other than bone marrow and stem cell transplants. A completed attestation form must be submitted to Provider Enrollment. (See Appendix B for contact information). The Medicaid Director may grant an exception to a transplant center for a specific procedure if the transplant surgeon can demonstrate experience with that specific procedure and a history of positive outcomes in another hospital. The other hospital must be a Medicare approved transplant center for that specific procedure.

In addition to the above criteria, transplant centers located in-state shall meet the following criteria for Medicaid coverage of transplant services:

1. Be a member of the Organ Procurement and Transplant Network (OPTN) or the National Marrow Donor Program (NMDP), if the hospital only performs bone marrow/stem cell transplants;

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2. Have an organ receiving and tissue typing facility (Centers for Medicare and Medicaid Services (CMS) approved for histocompatibility) or an agreement for such services;
3. Maintain a written records tracking mechanism for all grafts and beneficiaries including:
  - a. Patient and/or graft loss with the reason specified for failure;
  - b. Date of the procedure; and
  - c. Source of the graft.
4. Have written policy for contacting beneficiaries and appropriate governmental officials when an infectious agent is involved;
5. Have a written criteria for acceptable donors for each type of organ for which transplants are performed;
6. Have adequate ancillary departments and qualified staff necessary for pre-, intra-, and post-operative care including, but not limited to:
  - a. Assessment team;
  - b. Surgical suite;
  - c. Intensive care;
  - d. Radiology;
  - e. Laboratory pathology;
  - f. Infectious disease;
  - g. Dialysis; and
  - h. Therapy (rehabilitation).
7. Have minimum designated transplant staff which includes:
  - a. Transplant surgeon- adopt standards as delineated and updated by the OPTN;

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- b. Transplant physician - same standards as above;
- c. Clinical transplant coordinator:
  - i. Registered nurse licensed in Louisiana; and
  - ii. Certified by NATCO or in training and certified within 18 months of hire date.
- d. Transplant social worker;
- e. Transplant dietician;
- f. Transplant data coordinator; and
- g. Transplant financial coordinator.

**NOTE:** For individuals identified in the bullets immediately above this note, continuing education is required to maintain licensure and certification as applicable.

- 8. Written beneficiary selection criteria and an implementation plan for application of criteria;
- 9. Facility plan, commitment and resources for a program capable of performing the following minimum number of transplants per year/per organ:
  - a. Heart (12);
  - b. Liver (12);
  - c. Kidney (15);
  - d. Pancreas (6);
  - e. Bone marrow (10); and
  - f. Other organs as established per Medicare and/or OPTN.

**NOTE:** If the level falls below the required volume, the hospital shall be evaluated by LDH for continued recognition as a transplant center.

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10. Facility must demonstrate survival rates per organ type per year, which meet or exceed the mean survival rates per organ type per year as published annually by the OPTN. (If rates fall below this level, the hospital shall supply adequate written documentation for evaluation and justification to LDH).

All organ transplants must be authorized by the PAU prior to the performance of the surgery via a prior authorization letter. The only exception is for beneficiaries with retroactive eligibility.

Transplant charges are to be included in the inpatient hospital charges using the revenue codes 300 and 800 range. This includes donor search charges and all procedures involved in harvesting the organ from the donor. Costs associated with the search will not be covered on an outpatient basis. Costs are not covered when the Medicaid beneficiary donates an organ to a non-Medicaid beneficiary.

**Required Documentation for Organ Transplant Authorization Requests**

All transplants must be prior authorized using a Transplant Form (TP-01). The only exception is for beneficiaries with retroactive eligibility. All documentation supporting the performance of the transplant must be attached to the letter.

**NOTE:** The TP-01 can be located on the Louisiana Medicaid web site.

When billing for the transplant services, the hospital and all physicians involved must attach a copy of the above mentioned approval letter, and a dated operative report to the claims they submit for payment. Hospitals should comply with all applicable privacy and Health Insurance Portability and Accountability Act (HIPAA) regulations when sharing a copy of the organ transplant approval letter with all other providers involved in the beneficiary's transplant.

**Standards for Coverage**

Requests for transplants are reviewed on a case-by-case basis by applying the following criteria:

1. Transplant procedure to be performed is compatible with the diagnosis;
2. All alternative forms of treatment have been tried, and the only viable alternative is the transplant procedure;
3. Death would be imminent if the procedure were not performed is a reasonable medical probability;
4. The procedure has met with a reasonable degree of success in the past;



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5. The procedure may be performed out of the state, if the facilities in state are not available; and
6. Services to the organ donor and organ procurement costs are included in the reimbursement methodology.

**Cochlear Implants**

Louisiana Medicaid covers unilateral or bilateral cochlear implants when deemed medically necessary for the treatment of severe-to-profound, bilateral sensorineural hearing loss in individuals under 21 years of age. All aspects of the cochlear implant (preoperative evaluation, implantation, device, repairs, supplies, therapy) must be prior authorized. For eligibility criteria and prior authorization instructions, please refer to Chapter 5, which is the Professional Services manual chapter. For information on coverage of cochlear implants, equipment, repairs and replacements, please refer to manual Chapter 18, Durable Medical Equipment.

**Reimbursement**

Reimbursement will be made to the hospital for both the implant and the per diem. The implant and the implantation surgery must be prior authorized by submitting the PA-01 form. After approval has been granted, the hospital shall bill for the implant(s) by submitting the appropriate HCPCS code on a CMS 1500 claim form. Write the letters DME in bold, black print on the top of the form and the PA number must be written in item 23.

**Vagus Nerve Stimulator**

The vagus nerve stimulator (VNS) is an implantable device used to assist in the control of seizures related to epilepsy and must be prescribed by a physician.

Effective June 14, 2010, a PA-01 is no longer required for hospital providers for the VNS device. However, reimbursement of the device continues to be dependent upon approval of the surgeon to perform the procedure. Hospitals should confirm that the surgeon has received an authorization for the procedure prior to submitting their claim in order to prevent denials.

The hospital will bill their VNS claim using HCPCS procedure code C1767 (VNS generator) and/or C1778 (VNS leads) to the FI on a CMS 1500 claim form with the words DME written in bold, black print on the top of the form and the PA number written in Item 23 or through the electronic claims submission.

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The claim will pend to the FI's Medical Review Department for review of the surgeon's approved PA request. If approved, the hospital claim will be allowed to process for payment, if there is no valid authorization, the hospital claim will deny with edit 191 (PA required).

**Intrathecal Baclofen Therapy**

Intrathecal Baclofen Therapy (ITB) is for the treatment of severe spasticity of the spinal cord or cerebral origin and for the surgical implantation of the programmable infusion pump by which ITB is delivered. This treatment must be **prior authorized** before its administration. To obtain pre-certification for the stay, the pre-certification process must be followed.

**Criteria for Beneficiary Selection**

Consideration will be given for reimbursement for implanting an ITB infusion pump if the treatment is considered medically necessary, the beneficiary is four years of age or older with a body mass sufficient to support the implanted system, and any one or more of the following criteria is met:

1. Inclusive criteria for candidates with spasticity of cerebral origin:
  - a. There is severe spasticity of cerebral origin with no more than mild athetosis;
  - b. The injury is older than one year;
  - c. There has been a drop in Ashworth scale of one or more;
  - d. Spasticity of cerebral origin is resistant to conservative management; or
  - e. The candidate has a positive response to the test dose of ITB.
2. Inclusive criteria for candidates with spasticity of spinal cord origin:
  - a. Spasticity of spinal cord that is resistant to oral antispasmodics or side effects are unacceptable in effective doses;
  - b. There has been a drop in Ashworth scale of two or more; or
  - c. The candidate has a positive response to the test dose of ITB.

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Caution should be exercised when considering ITB infusion pump implantation for candidates who:

1. Have a history of autonomic dysreflexia;
2. Suffer from psychotic disorders;
3. Have other implanted devices; or
4. Utilize spasticity to increase function such as posture, balance, and locomotion.

**Exclusion Criteria for Beneficiaries**

1. Fails to meet any of the inclusion criteria;
2. Is pregnant, refuses or fails to use adequate methods of birth control;
3. Has a severely impaired renal or hepatic function;
4. Has a traumatic brain injury of less than one year pre-existent to the date of the screening dose;
5. Has a history of hypersensitivity to oral baclofen;
6. Has a systematic or localized infection which could infect the implanted pump; or
7. Does not respond positively to a 50, 75, or 100-mcg intrathecal bolus of Lioresal during the screening trial procedure.

Prior Authorization for chronic infusion of ITB shall be requested after the screening trial procedure has been completed but prior to the pump implantation.

The request to initiate chronic infusion shall come from the multi-disciplinary team that evaluates the beneficiary. The multi-disciplinary team should consist of a neurosurgeon or an orthopedic surgeon, a physiatrist and/or neurologist, the beneficiary's attending physician, a nurse, a social worker and allied professionals (physical therapists, occupational therapist, etc.).

These professionals shall have expertise in the evaluation, management, and treatment of spasticity of cerebral and spinal cord origin and shall have undergone training in infusion therapy and pump implantation by Medtronic or an equally recognized product supplier with expertise in intrathecal baclofen.

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A recent history with documentation of assessments in the following areas must be sent to the PAU:

1. Medical and physical;
2. Neurological;
3. Functional;
4. Psychosocial;
5. Ashworth scores taken before and after the administration of the IBT test dose(s); and
6. Documentation of any other findings about the beneficiary's condition, which would be of interest to or would assist the PAU in making a decision regarding the beneficiary's need for chronic infusion, i.e., a videotape of the trial dosage.

**Out-of-State Non-Emergency Hospitalizations**

Out-of-state non-emergency hospitalizations require authorization, unless the request for hospitalization is for a dual Medicare/Medicaid eligible beneficiary. Authorization is required for dual eligible beneficiaries only if transportation services are being requested in addition to the hospitalization.

To obtain authorization for out-of-state non-emergency hospitalizations, send a facsimile (fax) of a "Letter of Referral" to the attention of the PAU. The referring physician should sign the "Letter of Referral" and answer the following questions:

1. What is the beneficiary's name and Medicaid identification number?;
2. What is the name and telephone number of the contact person representing the beneficiary?;
3. Is the beneficiary both Medicare and Medicaid eligible?;
4. Does the beneficiary require transportation services as well?;
5. Is the facility where the beneficiary will be hospitalized a Louisiana Medicaid provider with a valid seven-digit provider number?;
6. Why is the situation so unique that it cannot be provided in Louisiana or in one of the Louisiana trade areas?; and

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7. What referrals were made in Louisiana before a referral was made to an out-of-state provider/hospital?

**NOTE:** Emergency out-of-state hospitalizations do not require PA.

**Positron Emission Tomography Scans**

For coverage criteria, please refer to Chapter 5, Professional Services. The payable revenue codes for positron emission tomography scans are 343 and 404. These revenue codes must be billed with the appropriate accompanying CPT codes.

**Reconsiderations**

If a request for PA is denied, a provider may submit the request for reconsideration.

**Instructions for Submitting a Reconsideration**

1. Write the word “Reconsideration” across the top of the denial letter, and write the reason the request for reconsideration at the bottom of the page;
2. Attach all of the original documentation, as well as any additional documentation or information, which supports medical necessity, to the letter; and
3. Mail the letter and all documentation to the PAU. (See Appendix B for contact information).