ADMINISTRATIVE POLICY STATEMENT
Indiana Medicaid

Policy Name & Number	Date Effective
Three-Day Window Payment-IN MCD-AD-1000	08/01/2022-09/30/2023
Policy Type	
ADMINISTRATIVE	

Administrative Policy Statement prepared by CareSource and its affiliates are derived from literature based on and supported by clinical guidelines, nationally recognized utilization and technology assessment guidelines, other medical management industry standards, and published MCO clinical policy guidelines. Medically necessary services include, but are not limited to, those health care services or supplies that are proper and necessary for the diagnosis or treatment of disease, illness, or injury and without which the patient can be expected to suffer prolonged, increased or new morbidity, impairment of function, dysfunction of a body organ or part, or significant pain and discomfort. These services meet the standards of good medical practice in the local area, are the lowest cost alternative, and are not provided mainly for the convenience of the member or provider. Medically necessary services also include those services defined in any Evidence of Coverage documents, Medical Policy Statements, Provider Manuals, Member Handbooks, and/or other policies and procedures.

Administrative Policy Statements prepared by CareSource and its affiliates do not ensure an authorization or payment of services. Please refer to the plan contract (often referred to as the Evidence of Coverage) for the service(s) referenced in the Administrative Policy Statement. If there is a conflict between the Administrative Policy Statement and the plan contract (i.e., Evidence of Coverage), then the plan contract (i.e., Evidence of Coverage) will be the controlling document used to make the determination.

According to the rules of Mental Health Parity Addiction Equity Act (MHPAEA), coverage for the diagnosis and treatment of a behavioral health disorder will not be subject to any limitations that are less favorable than the limitations that apply to medical conditions as covered under this policy.

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A. Subject

Three-Day Window Payment

B. Background

Services provided within three days of an inpatient admission or discharge for the same or a related diagnosis is considered part of the admission.

C. Definitions

- **Inpatient -** Services provided while the member is registered as an inpatient in an acute care or psychiatric hospital for 24 hours or more.
- **Outpatient Services -** Services provided by an acute care hospital, a psychiatric hospital, an ambulatory surgical center, a clinic, or other treatment room setting to members who are registered with the facility but are not registered as an inpatient.
- **Same or Related Diagnosis -** Primary diagnosis code based on the first three digits of the ICD-10 code.

D. Policy

I. Three-Day Payment Rule.

A. Claims submitted for outpatient services that were provided within the three calendar days prior to the inpatient admission for the same member will be denied because the inpatient and outpatient services must be combined.

1. This only applies when:
   a. Outpatient services and inpatient admission occur at the same facility; and
   b. The same or related diagnosis are considered part of the inpatient admission.
2. The outpatient services and inpatient admission must be submitted on one inpatient claim.
3. The dates of the claim should begin with the inpatient admission through the inpatient discharge.

B. If an outpatient claim is paid before the inpatient claim is submitted, the inpatient claim will be denied with EOB 6516 – *Outpatient services performed three days prior to inpatient admission.* To resolve this denial, providers should void the outpatient claim in history, incorporate the outpatient services into the inpatient claim, and resubmit the corrected inpatient claim.

C. When the outpatient service is provided within the three calendar days prior to an inpatient stay that is less than 24 hours, this should be billed as an outpatient service.

E. Conditions of Coverage

NA

F. Related Policies/Rules

NA

G. Review/Revision History

DATES	ACTION

The ADMINISTRATIVE Policy Statement detailed above has received due consideration as defined in the ADMINISTRATIVE Policy Statement Policy and is approved.

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Date Issued	10/30/2019	
Date Revised	01/15/2021 02/04/2022	Changed from PY policy, Updated resources Annual review. Editorial changes
Date Effective	08/01/2022	
Date Archived	09/30/2023	This Policy is no longer active and has been archived. Please note that there could be other Policies that may have some of the same rules incorporated and CareSource reserves the right to follow CMS/State/NCCI guidelines without a formal documented Policy.

H. References

1. Indiana Administration Code. (2016, August 1) Article 5 Medicaid Services 405 IAC 5-2-12 "Inpatient services" defined. Retrieved February 4, 2022 from www.iac.iga.in.gov.
2. Indiana Administration Code. (2016, August 1) Article 5 Medicaid Services 405 IAC 5-2-12 "Outpatient services" defined. Retrieved February 4, 2022 from www.iac.iga.in.gov.
3. Indiana Family & Social Services Administration. (2020, March 1). Provider Reference Module Inpatient Hospital Services. Retrieved February 4, 2022 from www.in.gov.
4. Indiana Family & Social Services Administration. (2020, August 1). Provider Reference Module Outpatient Facility Services. Retrieved February 4, 2022 from www.in.gov.

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The ADMINISTRATIVE Policy Statement detailed above has received due consideration as defined in the ADMINISTRATIVE Policy Statement Policy and is approved.