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DIVISION OR OFFICE: Provider Operations	DATE: 5/6/2014
SUBJECT AREA: Medicaid Assistance	
SUBJECT: Medicaid Policy for Billing for Inmates Hospitalized at Least 24 Hours	APPROVED BY:  Chris Underwood
TYPE: Information	

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Purpose:

The purpose of this agency letter is to advise county departments of human/social services, county jails, and Medicaid providers of Medicaid covered services and billing policies for incarcerated individuals. This agency letter will provide policy guidance on covered services for inmates hospitalized for at least 24 hours outside the correctional facility.

Background:

As of January 1, 2014, the Affordable Care Act offered new opportunities for health coverage for individuals involved in the criminal justice system, including county jail inmates. One of these new opportunities falls into public coverage through Medicaid.

Medicaid policy

As described in Agency Letter 14-006, inmates in public institutions, including correctional facilities, are not eligible for Medicaid unless they are admitted to a hospital outside the correctional facility for at least 24 hours.

The Centers for Medicare and Medicaid Services (CMS) provided guidance to determine which services can be covered for a hospitalized inmate:

- The inmate must be admitted as an inpatient to a hospital;
- The hospital must be outside the correctional facility;
- The inpatient stay, from admission to discharge, must last at least 24 hours;
- The services must be provided between the time of inpatient admission and the time of inpatient discharge;
- The services cannot have been provided on an outpatient basis; and
- The services, including the inpatient admission and length of stay, must be medically necessary.

Examples of Covered Services

Services can only be covered if they are provided between inpatient admission and discharge and, unless otherwise specified, are subject to current policies, procedures, and limitations regarding coverage for inpatient services. The following are examples of services that may be covered for a Medicaid eligible inmate hospitalized for at least 24 hours (note: this list is not exhaustive):

- Medically necessary physician services during the inpatient hospitalization
- Medically necessary hospital services during the inpatient hospitalization
- Medically necessary medications provided during the hospitalization
- Medically necessary durable medical equipment provided during the hospitalization
- Medically necessary labs and diagnostics performed during the inpatient hospitalization
- Medically necessary transport of client from one hospital to another during hospitalization

Examples of Non-covered Services

Services delivered on an outpatient basis, either before inpatient admission or after discharge, are not covered by Medicaid. The following are examples of services are not covered for a Medicaid eligible inmate hospitalized for at least 24 hours (note: this list is not exhaustive and other restrictions on inpatient services may apply):

- Transportation, such as an ambulance, that occurs before admission or after discharge
- Services provided in the emergency department prior to inpatient admission
- Labs or diagnostics performed prior to inpatient admission or after discharge
- Services provided during a hospital admission for observation
- Medications or durable medical equipment that are provided before inpatient admission or after discharge

Determining Length of Stay

CMS guidance specifies that an inpatient hospitalization begins at admission and ends at discharge. When determining an inmate's length of stay, only count the number of hours between admission and discharge. Transportation time and time in the emergency department prior to admission do not count toward the 24 hours.

Once the inmate's hospital admission reaches 24 hours, Medicaid can cover services for the whole inpatient admission, including the first 24 hours.

Billing and Claims Procedures

The following details are to assist with billing and claims for hospitalized inmates:

- Providers will submit Medicaid claims according to their standard procedures. If a client has any other insurance (e.g., private insurance) in addition to Medicaid, the provider must bill all other insurances first. Medicaid is the payer of last resort.
- Medicaid can only make payments directly to providers who have rendered services. **Medicaid cannot reimburse county jails or purchased care contractors for claims paid to providers.**
- Claims will be paid at the standard Medicaid rates.

- Hospitalizations must be medically necessary. Hospital stays billed to Medicaid may be subject to chart review or other verification to ensure the admission and length of stay were medically necessary. If an audit reveals that a stay was not medically necessary, payment may be disallowed.
- Hospitals should use specific codes for source of admissions and patient discharge status to facilitate the processing of claims and tracking of inmate hospitalizations. When an inmate is admitted, hospitals should use Source of Admissions (FL 15) code 8 to indicate the patient was admitted to this hospital upon the direction of a court or upon the request of a law enforcement agency. When an inmate is discharged, the hospital should indicate this discharge using Patient (Discharge) Status (FL 17) code 21, indicating that the patient was discharged to a court or to a law enforcement agency.
- The Department cannot provide claims information to jails and/or purchased care contractors. Jails or contractors may ask the inmate to sign a release to allow the providers to share this information directly.
- For inmates who are not eligible for Medicaid and/or whose stay was less than 24 hours, county jails should follow their established payment processes for medical services.

This guidance applies only to inmates who are hospitalized for at least 24 hours. For more information on enrolling hospitalized inmates in Medicaid, please review Agency Letter 14-006.

Effective Date:

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