Summary of Change Effective September 1, 2011: The Texas Health and Human Services Commission (HHSC) is requiring all managed care organizations to apply the Medicaid Prospective Payment System for Federally Qualified Health Centers (FQHCs) to the STAR and STAR+PLUS programs effective September 1, 2011.

What this means to you: As of September 1, 2011, the Texas Medicaid Healthcare Partnership (TMHP) expanded Present On Admission (POA) requirements to apply to all hospital providers, regardless of payment methodology. Claims submitted without the required POA indicator will be rejected or denied. This applies to all facilities. There are no facility exclusions.

What is the impact of this change?
Medicaid POA reporting applies to all inpatient hospital claims. As received from HHSC:

“Health plans were instructed to follow the Medicare regulations on Health Care Acquired Conditions (HCAC), which allowed for exemptions for certain hospitals (children’s, teaching and specialty hospitals). The final Medicaid rules issued on June 6, 2011, clarified that the HCAC provision should be applied to all hospitals, including Tax Equity and Fiscal Responsibility Act (TEFRA).”

Frequently Asked Questions

How is POA determined?
POA is defined as present at the time the order for inpatient admission occurs. Conditions that develop during an outpatient encounter, including emergency department, observation and outpatient surgery, are considered POA.

How do I report the POA?
Use the UB-04 (CMS-1450) — The POA indicator is the eighth digit of Field Locator (FL) 67, Principal Diagnosis, and the eighth digit of each of the secondary diagnosis fields – FL 67 A-Q. Providers need to report the applicable POA indicator (Y, N, U or W) for the principal and any secondary diagnoses and include this as the eighth digit. Leave the field blank if the diagnosis is exempt from POA reporting.

Will my payment be affected?
Depending on the POA indicator value, the Diagnosis-Related Group (DRG) may be recalculated, which results in a lower payment to the hospital provider, the payment may be reduced or the entire payment denied.

What will happen if I leave this information off the claim?
Your claim will either reject or deny. The POA indicator is a requirement.
What are the POA Indicators?

<table>
<thead>
<tr>
<th>POA Indicator</th>
<th>POA Description</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Exempt from POA reporting</td>
<td>Exempt from POA reporting</td>
</tr>
<tr>
<td>N</td>
<td>Diagnosis was not present at the time of admission</td>
<td>Either no payment or a possible reduction in payment will be made by Medicaid when a Hospital-Acquired Condition (HAC) is present</td>
</tr>
<tr>
<td>U</td>
<td>Insufficient documentation</td>
<td>Either no payment or a possible reduction in payment will be made by Medicaid when an HAC is present</td>
</tr>
<tr>
<td>W</td>
<td>Clinically undetermined</td>
<td>Payment will be made by Medicaid when an HAC is present</td>
</tr>
<tr>
<td>Y</td>
<td>Diagnosis was present at the time of admission</td>
<td>Payment will be made by Medicaid when an HAC is present</td>
</tr>
</tbody>
</table>

Are any diagnosis codes exempt?
Yes, some diagnosis codes are exempt. You can also find the list of codes on the TMHP website at www.tmhp.com.

Where can I find additional information about POA?
You can find additional information on the TMHP and Centers for Medicare & Medicaid Services websites. Additionally, this alert will be posted on our website at providers.amerigroup.com.

What if I need assistance?
If you have questions about this communication, received this fax in error or need assistance with any other item, contact your local Provider Relations representative or call Provider Services at the toll-free phone numbers listed below:

- Medicaid providers call 1-800-454-3730
- Medicare providers call 1-866-805-4589

Thank you for your continued support of Amerigroup.