



# Outpatient Hospital Services Provider Guide

July 1, 2014

Washington State  
Health Care Authority

## About this guide\*

This publication takes effect July 1, 2014, and supersedes earlier guides to this program.

Washington Apple Health means the public health insurance programs for eligible Washington residents. Washington Apple Health is the name used in Washington State for Medicaid, the children's health insurance program (CHIP), and state-only funded health care programs. Washington Apple Health is administered by the Washington State Health Care Authority.

Services, equipment, or both, related to any of the programs listed below must be billed using their specific provider guides:

- [Inpatient Hospital Services](#)
- [Physician-Related Services/Health Care Professional Services](#)

## What has changed?

Subject	Change	Reason for Change
Definitions	Updated the <a href="#">Definitions</a> section to match the revisions to WAC 182-550-1050 filed as WSR <a href="#">14-12-047</a> on May 29, 2014.	Changed to match current agency policy and to improve clarity.
New Enhanced ambulatory patient group (EAPG) payment method	Updated the following sections with information on this new payment method, which replaced the ambulatory payment classification (APC) payment method: <ul style="list-style-type: none"><li>• <a href="#">How does the agency pay for outpatient hospital services?</a></li><li>• <a href="#">How does the agency make the payment method determination?</a></li><li>• <a href="#">What is the outpatient prospective payment system (OPPS) payment calculation?</a></li></ul>	The agency changed to the EAPG payment method effective July 1, 2014.

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\* This publication is a billing instruction.

Subject	Change	Reason for Change
	<ul style="list-style-type: none"> <li>• <a href="#">OPPS payment enhancements</a></li> <li>• <a href="#">What are packaged (bundled) services?</a></li> <li>• What if the client dies before inpatient admission? (removed section)</li> <li>• <a href="#">What are the agency's pathology/laboratory guidelines?</a></li> </ul>	
By Report	Removed the section titled, <i>When does the agency require a By Report (BR) for certain procedures?</i>	No longer applicable
Observation services	Removed information about outpatient observation services from the following sections: <ul style="list-style-type: none"> <li>• <a href="#">What are the criteria for an outpatient short stay?</a></li> <li>• What are the criteria for outpatient observation services? (removed section)</li> </ul>	The agency has changed the way it pays for observation services, so this section is obsolete.
<a href="#">What is admission status?</a>	Reorganized section	To improve clarity

## **Additional resources**

To download and print agency provider notices and provider guides, see the agency's [Provider Publications](#) website. For additional resources, see the agency's list of [Resources Available](#).

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## Table of Contents

<b>Definitions.....</b>	<b>1</b>
<b>About the Program .....</b>	<b>4</b>
What is the purpose of the outpatient hospital services program?.....	4
How does the agency pay for outpatient hospital services? .....	4
How does the agency make the payment method determination?.....	5
What is the outpatient prospective payment system (OPPS) payment calculation?.....	5
OPPS payment enhancements.....	6
What are packaged (bundled) services?.....	6
Does the agency pay separately for robotic assisted surgery?.....	7
How does medical necessity apply to outpatient hospital services?.....	7
What about outpatient hospital services provided within one calendar day of DRG-	
paid inpatient admission?.....	7
What are the criteria for an outpatient short stay? .....	8
What is admission status?.....	8
When to change admission status .....	9
Changing from inpatient admission status.....	9
Changing from outpatient admission status.....	9
Change from inpatient or outpatient observation to outpatient admission status .....	10
How is a change from outpatient surgery/procedure to outpatient observation or	
inpatient admission status made?.....	10
<b>Authorization.....</b>	<b>12</b>
What are the general authorization requirements?.....	12
What is write or fax PA?.....	12
How does the agency process PA requests? .....	13
Does the agency require PA for new drugs?.....	14
<b>Sleep Studies .....</b>	<b>15</b>
What are the requirements for providing sleep studies?.....	15
Facility requirements .....	15
What services are covered?.....	16
Clients 21 years of age and older.....	16
Clients 20 years of age and younger.....	17
What services are not covered?.....	18

**Alert!** The page numbers in this table of contents are now “clickable”—do a “control + click” on a page number to go directly to a spot. As an Adobe (.pdf) document, the guide also is easily navigated by using bookmarks on the left side of the document. (If you don’t immediately see the bookmarks, right click on the gray area next to the document and select Page Display Preferences. Click on the bookmark icon on the left.)

How does a sleep center become an agency-approved sleep center? .....	18
Centers of excellence (COE) lists .....	19
What are the billing requirements for sleep centers? .....	20
<b>Diabetes Education .....</b>	<b>21</b>
What are the billing requirements for providing certified outpatient diabetes education? .....	21
How does a hospital become a diabetes education provider? .....	22
Are there any other requirements for billing and reimbursement? .....	22
<b>Other Related Programs .....</b>	<b>23</b>
Does the agency reimburse for the shingles vaccine when administered in outpatient hospitals? .....	23
Who does the agency reimburse for providing medical nutrition therapy? .....	23
How does the agency pay for occupational therapy, physical therapy, or speech/audiology services? .....	24
How does the agency pay for services provided by certified neurodevelopmental providers? .....	25
What are the agency’s radiology guidelines? .....	25
What are the agency’s pathology/laboratory guidelines? .....	25
Where can I find the agency’s sterilization and hysterectomy procedures? .....	26
Where can I find the agency’s surgical and medical procedures and evaluations? .....	26
What are the agency’s authorization requirements for surgical procedures? .....	26
What surgical procedures require medical necessity review by the agency? .....	26
What surgical procedures require medical necessity review by Qualis Health? .....	27
How does the agency pay for services provided in certified kidney centers? .....	27
What are the billing requirements for providing organ transplants? .....	27
<b>Billing and Claim Forms .....</b>	<b>28</b>
What are the general billing requirements? .....	28
What additional outpatient hospital billing requirements are there? .....	28
How is billing different for outpatient hospital services in hospital-based clinics? .....	29
Where are applicable procedure codes found? .....	30
What modifiers do I bill with? .....	30
Where can I find the revenue code grid? .....	30
How do I bill for services provided to CHAMPUS clients? .....	31
How do I bill for noncovered services? .....	32
How do I bill for single-dose vials? .....	33
How do I bill for multi-dose vials? .....	33
How do independent labs bill for pathology services? .....	33
Type of bill 141 .....	34

**Alert!** The page numbers in this table of contents are now “clickable”—do a “control + click” on a page number to go directly to a spot. As an Adobe (.pdf) document, the guide also is easily navigated by using bookmarks on the left side of the document. (If you don’t immediately see the bookmarks, right click on the gray area next to the document and select Page Display Preferences. Click on the bookmark icon on the left.)

How do I bill for neonates/newborns? .....34  
Are managed care clients covered?.....34  
How do I complete the UB-04 claim form?.....35  
How do I submit institutional services on a UB-04 crossover claim?.....35  
What does the agency require from the provider-generated Explanation of Medicare  
Benefits (EOMB) to process a crossover claim? .....36

**Alert!** The page numbers in this table of contents are now “clickable”—do a “control + click” on a page number to go directly to a spot. As an Adobe (.pdf) document, the guide also is easily navigated by using bookmarks on the left side of the document. (If you don’t immediately see the bookmarks, right click on the gray area next to the document and select Page Display Preferences. Click on the bookmark icon on the left.)

# Definitions

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This list defines terms and abbreviations, including acronyms, used in this provider guide. See the agency's [Washington Apple Health Glossary](#) for a more complete list of definitions.

**Authorization requirement** – The agency's requirement that a provider present proof of medical necessity evidenced either by obtaining a prior authorization number or by using the expedited authorization process to create an authorization number.

**Budget target adjustor** - A multiplier applied to the outpatient prospective payment system (OPPS) payment to ensure aggregate payments do not exceed the established budget target. (WAC [182-550-1050](#))

**Bundled services** – Interventions integral to or related to the major procedure. (WAC 182-550-1050)

**Discount factor** - The percentage applied to additional significant procedures when a claim has multiple significant procedures or when the same procedure is performed multiple times on the same day. Not all significant procedures are subject to a discount factor. (WAC 182-550-1050)

**Emergency services** – Health care services required by and provided to a client after the sudden onset of a medical condition manifesting itself by acute symptoms of sufficient severity that the absence of immediate medical attention could reasonably be expected to result in placing the client's health in serious jeopardy; serious impairment to bodily functions; or serious dysfunction of any bodily organ or part.

**Alert:** Inpatient maternity services are treated as emergency services when the agency pays a hospital for those services.

**Enhanced ambulatory patient groupings (EAPG)** – The payment system used by the agency to calculate reimbursement to hospitals for the facility component of outpatient services on and after July 1, 2014. This system uses 3M's EAPGs as the primary basis for payment. (WAC 182-550-1050)

**Hospital's outpatient RCC Rate** - The agency calculates a hospital's outpatient RCC rate by multiplying the hospital's inpatient RCC rate and the OPPS outpatient adjustment factor (OAF).

**International classification of diseases (ICD-9-CM and ICD-10-CM)** - The systematic listing of diseases, injuries, conditions, and procedures as numerical or alpha numerical designations (coding). (WAC 182-550-1050)



## Outpatient Hospital Services

**Modifier** - A two-digit alphabetic and/or numeric identifier that is added to the procedure code to indicate the type of service performed. The modifier provides the means by which the reporting hospital can describe or indicate that a performed service or procedure has been altered by some specific circumstance but not changed in its definition or code. The modifier can affect payment or be used for information only. Modifiers are listed in fee schedules. (WAC [182-550-1050](#))

**Observation services** – A well-defined set of clinically appropriate services furnished while determining whether a client will require formal inpatient admission or be discharged from the hospital. Services include ongoing short-term treatment, monitoring, assessment, and reassessment. Rarely do reasonable and necessary observation services exceed forty-eight hours. The agency or its designee may determine through the retrospective utilization review process that an inpatient hospital service should have been billed as an observation service. (WAC 182-550-1050)

**OPPS** – See **Outpatient prospective payment system**. (WAC 182-550-1050)

**Outpatient care** – See **Outpatient hospital services**. (WAC 182-550-1050)

**Outpatient hospital** – A hospital authorized by the Department of Health (DOH) to provide outpatient services. (WAC 182-550-1050)

**Outpatient prospective payment system (OPPS)** - The payment system used by the agency to calculate reimbursement to hospitals for the facility component of outpatient services. This system uses enhanced ambulatory patient groups (EAPGs) as the primary basis of payment. (WAC 182-550-1050)

**Outpatient prospective payment system (OPPS) conversion factor** – See **Outpatient prospective payment system (OPPS) rate**. (WAC 182-550-1050)

**Outpatient prospective payment system (OPPS) rate** - A hospital-specific multiplier calculated by the agency that is one of the components of the EAPG payment calculation.

**Outpatient RCC Rate** – See **Hospital's outpatient RCC rate**.

**Pass-throughs** - Certain drugs, devices, and biologicals, as identified by centers for Medicare and Medicaid Studies (CMS), for which providers are entitled to additional separate payment until the drugs, devices, or biologicals are paid per the OPPS fee schedule.

**Principal diagnosis** - The condition chiefly responsible for the admission of the patient to the hospital. (WAC 182-550-1050)

**Policy adjustor** – A payment factor that increases the reimbursement of EAPGs for clients 17 years of age and younger.

**Revenue code** – A nationally assigned coding system for billing inpatient and outpatient hospital services, home health services, and hospice services. (WAC 182-550-1050)

**Short Stay** - See **Program Limitations-Outpatient Care**.

**Significant procedure** - A procedure, therapy, or service provided to a client that constitutes one of the primary reasons for the visit to the health care professional, and represents a substantial portion of the resources associated with the visit.  
(WAC [182-550-1050](#)))

**UB-04** – The uniform billing document required for use nationally by hospitals, nursing facilities, Hospital-based skilled nursing facilities, home health agencies, and hospice agencies in billing for services provided to patients. This document includes the current national uniform billing data element specifications developed by the National Uniform Billing Committee and approved and modified by the Washington State payer group or the agency.  
(WAC 182-550-1050)

# About the Program

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## What is the purpose of the outpatient hospital services program?

The purpose of the outpatient hospital services program is to provide outpatient services, emergency outpatient surgical care, and other emergency care administered to eligible clients and performed on an outpatient basis in a hospital.

## How does the agency pay for outpatient hospital services?

The agency pays for outpatient hospital services using several payment methods including, but not limited to, the following:

- Enhanced ambulatory patient group (EAPG)
- Maximum allowable fee schedule
- Ratio of costs-to-charges (RCC)

The agency's Outpatient Prospective Payment System (OPPS) uses an EAPG-based reimbursement method as its primary reimbursement method. The agency uses the EAPG software provided by 3M™ Health Information Systems to group OPPS claims based on services performed and resource intensity.

**Note:** Only critical access hospitals are exempt from OPPS.  
(WAC [182-550-7000](#))

## How does the agency make the payment method determination?

The agency's payment method is generally determined by the procedure and revenue codes on the claim line(s). The agency pays OPPS hospitals using the following methods in the following order:

- The EAPG method is used to pay for covered services for which 3M™ Health Information Systems has established an EAPG weight.
- The fee schedule is used to pay for covered services for which there is no established EAPG weight and for services exempted from EAPG payment.
- The hospital's outpatient RCC rate, as described in WAC 182-550-4500, is used to pay for the covered services for which the agency has not established a maximum allowable fee.

## What is the outpatient prospective payment system (OPPS) payment calculation? (WAC [182-550-7600](#))

The agency calculates the EAPG payment as follows:

$$\begin{aligned} \text{EAPG payment} = & \\ & \text{EAPG relative weight} \times \\ & \text{Hospital-specific conversion factor} \times \\ & \text{Discount factor (if applicable)} \times \\ & \text{Policy adjustor (if applicable)} \end{aligned}$$

The total OPPS claim payment is the sum of the EAPG payments plus the sum of the allowed amounts for each non-EAPG service.

If a client's third-party liability insurance has made a payment on a service, the agency subtracts any such payments made from the medicaid allowed amount.

## OPPS payment enhancements

The agency has established policy adjustors for the following services effective July 1, 2014:

Adjustment	Service	Adjustor
Pediatric	EAPG services for clients under age 18 years	1.35
Chemotherapy and Combined Chemotherapy/Pharmacotherapy	Services grouped as chemotherapy drugs or combined chemotherapy and pharmacotherapy drugs	1.1

## What are packaged (bundled) services?

Using the EAPG system, the agency packages (bundles) some ancillary services. This simply means these services are included in the EAPG payment rate for a significant procedure or medical visit, rather than being separately reimbursed.

**For example:** A chest X-ray may be packaged into the payment for pneumonia visit. Although the detail of the packaged ancillary will show an allowed amount of \$0, the packaging of ancillary services does not imply that there is no payment associated with the packaged ancillary. The cost of the packaged ancillaries is included in the payment amount for the significant procedure or medical visit EAPG.

The ancillary services to be packaged are selected primarily on clinical grounds, as established by the EAPG system. So, only ancillaries clinically expected to be a routine part of the specific procedure or medical visit are packaged.

**Note:** The agency will deny ancillary services not separately reimbursable if the primary procedure is denied and there is no significant procedure or medical visit to which the ancillary service can be packaged.

## Does the agency pay separately for robotic assisted surgery?

**No.** Robotic Assisted Surgery (RAS) may be considered medically necessary. However, the agency does not pay separately for Healthcare Common Procedure Coding System (HCPCS) code S2900 and reimburses only for the underlying procedure.

The agency requires providers to bill for RAS in order to track usage and outcome. The agency will monitor RAS through retrospective auditing of HCPCS code S2900, ICD 9-CM diagnosis code 14.42, and review of operative reports.

## How does medical necessity apply to outpatient hospital services?

The agency pays only for covered services and items that are medically necessary.  
(WAC [182-500-0070](#))

## What about outpatient hospital services provided within one calendar day of DRG-paid inpatient admission?

Providers must bill the following outpatient hospital services on the inpatient hospital claim when provided within one calendar day of a client's inpatient hospital stay paid by the DRG method:

- Preadmission
- Emergency room
- Observation services related to an inpatient hospital stay

(WAC [182-550-6000](#) (3)(c))

## What are the criteria for an outpatient short stay?

The agency applies level-of-care and intensity-of-service criteria to determine if a hospital visit should be considered an inpatient stay or as an outpatient stay. The agency determines if the level-of-care and intensity-of-service criteria are met.

A visit that does not meet level-of-care and intensity-of-service criteria as an inpatient claim will not be treated as or paid as an inpatient claim, even if the patient has been admitted as an inpatient. The agency may treat such a claim as an outpatient short stay, but only if level-of-care and intensity-of-service criteria as an outpatient claim are met.

A visit that does not meet level-of-care and intensity-of-service criteria as an outpatient claim will not be treated as or paid as an outpatient claim.

## What is admission status?

Admission status is determined by the admitting physician or practitioner. Continuous monitoring, such as telemetry, can be provided in an observation or inpatient status. Consider overall severity of illness and intensity of service in determining admission status rather than any single or specific intervention. Specialty inpatient areas (including ICU or CCU) can be used to provide observation services. Level of care, not physical location of the bed, dictates admission status.

Some examples of typical types of admission status are:

- Inpatient
- Outpatient observation
- Medical observation
- Outpatient surgery or short-stay surgery
- Outpatient (e.g., emergency room)

## When to change admission status

A change in admission status is required when a client's symptoms/condition and/or treatment does not meet medical necessity criteria for the level of care the client is initially admitted under. The documentation in the client's medical record must support the admission status and the services billed. The agency does not pay for any of the following:

- Services not meeting the medical necessity of the admission status ordered
- Services not documented in the hospital medical record
- Services greater than what is ordered by the physician or practitioner responsible for the client's hospital care

## Changing from inpatient admission status

The attending physician or practitioner may make an admission status change from **inpatient** to outpatient observation when:

- The attending physician/practitioner or the hospital's utilization review staff, or both, determine that an inpatient client's symptoms/condition and treatment do not meet medical necessity criteria for an acute inpatient level of care and do meet medical necessity criteria for an observation level of care.
- The admission status change is made before, or on the next business day following, discharge.
- The admission status change is documented in the client's medical record by the attending physician or practitioner. If the admission status change is made following discharge, the document must:
  - ✓ Be dated with the date of the change.
  - ✓ Contain the reason the change was not made prior to discharge (e.g., due to the discharge occurring on the weekend or a holiday).

## Changing from outpatient admission status

The attending physician or practitioner may make an admission status change from **outpatient** observation to inpatient when:

- The attending physician/practitioner or the hospital's utilization review staff, or both, determine that an outpatient observation client's symptoms/condition and treatment meet medical necessity criteria for an acute inpatient level of care.



- The admission status change is made before, or on the next business day following, discharge.
- The admission status change is documented in the client's medical record by the attending physician or practitioner. If the admission status change is made following discharge, the documentation must:
  - ✓ Be dated with the date of the change.
  - ✓ Contain the reason the change was not made prior to discharge (e.g., due to the discharge occurring on the weekend or a holiday).

### Change from inpatient or outpatient observation to outpatient admission status

The attending physician or practitioner may make an admission status change from **inpatient or outpatient observation** to outpatient when:

- The attending physician/practitioner or the hospital's utilization review staff, or both, determine that an outpatient observation or inpatient client's symptoms/condition and treatment **do not** meet medical necessity criteria for observation or acute inpatient level of care.
- The admission status change is made before, or on the next business day following, discharge.
- The admission status change is documented in the client's medical record by the attending physician or practitioner. If the admission status change is made following discharge, the documentation must:
  - ✓ Be dated with the date of the change.
  - ✓ Contain the reason the change was not made prior to discharge (e.g., due to the discharge occurring on the weekend or a holiday).

### How is a change from outpatient surgery/procedure to outpatient observation or inpatient admission status made?

The attending physician or practitioner may make an admission status change from **outpatient surgery/procedure** to outpatient observation or inpatient when:

- The attending physician/practitioner or the hospital's utilization review staff, or both, determine that the client's symptoms/condition or treatment, or both, require an extended

## Outpatient Hospital Services

recovery time beyond the normal recovery time for the surgery/procedure and medical necessity for outpatient observation or inpatient level of care is met.

- The admission status change is made before, or on the next business day following, discharge.
- The admission status change is documented in the client's medical record by the attending physician or practitioner. If the admission status change is made following discharge, the documentation must:
  - ✓ Be dated with the date of the change.
  - ✓ Contain the reason the change was not made prior to discharge (e.g., due to the discharge occurring on the weekend or a holiday).

**Note:** During post-payment retrospective utilization review, the agency may determine the admission status ordered is not supported by documentation in the medical record. The agency may consider payment made in this circumstance an overpayment and payment may be recouped or adjusted.

# Authorization

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## What are the general authorization requirements?

Certain authorization requirements are published in specific program or service documents. See the specific program or service document for more details.

**Note: Authorization does not guarantee payment.** The agency's authorization process applies to medically necessary covered health care services only and is subject to client eligibility and program limitations. Not all categories of eligibility receive all health care services. **Example:** Therapies are not covered under the Family Planning Only Program. All covered health care services are subject to retrospective utilization review to determine if the services provided were medically necessary and at the appropriate level of care. Requests for noncovered services are reviewed under the exception to rule policy. See WAC [182-501-0160](#).

The agency's authorization requirements are met through the following processes:

- **Write or fax** prior authorization (PA), concurrent authorization, or retro-authorization
- Evidence-based Decision Making
- Utilization Review (UR)

## What is write or fax PA?

**Write or fax PA** is an authorization process available to providers when a covered procedure requires PA. The agency does not retrospectively authorize any health care services that require PA after they have been provided except when a client has delayed certification of eligibility.

Forms available to providers to request PA include:

- *Fax/Written Request Basic* form, HCA [13-756](#).
- *Out of State Medical Services Request* form, HCA [13-787](#) (for elective, non-emergency out-of-state medical services).

**Note:** Be sure to provide all information. Incomplete forms will be returned to the provider.

Mail or fax the completed forms to 866-668-1214.

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## How does the agency process PA requests?

The agency reviews PA requests in accordance with WAC [182-501-0165](#) and uses evidence-based medicine to evaluate each request. The agency evaluates and considers all available clinical information and credible evidence relevant to the client's condition. At the time of the request, the provider responsible for the client's diagnosis or treatment, or both, must submit credible evidence specifically related to the client's condition. Within 15 days of receiving the request from the client's provider, the agency reviews all evidence submitted and does one of the following:

- Faxes an approval letter to the provider and mails a copy of the letter to the client
- Denies the request if the requested service is not medically necessary, and notifies the provider and client of the denial
- Asks the provider to submit additional justifying information within 30 days. When the additional information is received, the agency approves or denies the request within five business days of the receipt of the additional information. If the additional information is not received within 30 days, the agency denies the requested service.

When the agency denies all or part of a request for a covered service or equipment, it sends the client and the provider written notice within 10 business days of the date the complete requested information is received.

The denial letter includes all of the following:

- A statement of the action the agency intends to take
- The specific factual basis for the intended action
- References to the specific WAC provision upon which the denial is based
- Sufficient detail to enable the recipient to learn why the agency took the action
- Sufficient detail to determine what additional or different information might be provided to challenge the agency's determination
- The client's administrative hearing rights
- An explanation of the circumstances under which the denied service is continued or reinstated if a hearing is requested
- Example(s) of lesser cost alternatives that permit the affected party to prepare an appropriate response

**Note:** See the agency's [ProviderOne Billing and Resource Guide](#) for more information on requesting authorization.

## Does the agency require PA for new drugs?

The agency requires PA for all drugs new to market until reviewed by the agency's Drug Evaluation Matrix Committee, according to WAC [182-530-3100](#). This applies to all products billed under miscellaneous CPT codes or product specific CPT codes.

Visit the agency's [Drugs Billed Under Miscellaneous Codes](#) for a list of drugs that require authorization. See the [Outpatient Prospective Payment System \(OPPS\) and Outpatient Hospital Fee Schedule](#) to see the coverage status for drugs billed with product-specific CPT codes.

# Sleep Studies

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(WAC [182-531-1500](#))

## What are the requirements for providing sleep studies?

Sleep studies include polysomnography (PSG) and multiple sleep latency testing (MSLT). The agency covers attended, full-channel, PSG and MSLT when:

- Ordered by the client's physician.
- Performed in an agency-designated center of excellence (COE) that is an independent diagnostic testing facility, sleep laboratory, or outpatient hospital.
- Results are used to:
  - ✓ Establish a diagnosis of narcolepsy or sleep apnea.
  - ✓ Evaluate a client's response to therapy, such as continuous positive airway pressure (CPAP).

## Facility requirements

To be paid for providing sleep studies to eligible clients, the facility must:

- Be a sleep study COE.
- Be currently accredited by the American Academy of Sleep Medicine (AASM) and continuously meet the accreditation standards of AASM.
- Have at least one physician on staff who is board-certified in sleep medicine.
- Have at least one registered polysomnographic technologist (RPSGT) in the sleep laboratory when studies are being performed.

## What services are covered?

### Clients 21 years of age and older

For clients 21 years of age and older, the agency covers:

- Full-night, in-laboratory PSG for either of the following:
  - ✓ Confirmation of obstructive sleep apnea (OSA) in an individual with signs or symptoms consistent with OSA (e.g., loud snoring, awakening with gasping or choking, excessive daytime sleepiness, observed cessation of breathing during sleep, etc.)
  - ✓ Titration of positive airway pressure therapy when initial PSG confirms the diagnosis of OSA, and positive airway pressure is ordered
- Split-night, in-laboratory PSG in which the initial diagnostic portion of the PSG is followed by positive airway pressure titration when the PSG meets either of the following criteria:
  - ✓ The apnea-hypopnea index (AHI) or respiratory disturbance index (RDI) is greater than or equal to fifteen events per hour with a minimum of thirty events
  - ✓ The AHI or RDI is greater than or equal to five and less than or equal to fourteen events per hour with a minimum of ten events with documentation of either of the following:
    - Excessive daytime sleepiness, impaired cognition, mood disorders, or insomnia
    - Hypertension, ischemic heart disease, or history of stroke

## Clients 20 years of age and younger

For clients 20 years of age and younger, the agency considers any of the following indications as medically necessary criteria for a sleep study:

- OSA suspected based on clinical assessment
- Obesity, Trisomy 21, craniofacial abnormalities, neuromuscular disorders, sickle cell disease, or mucopolysaccharidosis (MPS), prior to adenotonsillectomy in a child
- Residual symptoms of OSA following mild preoperative OSA
- Residual symptoms of OSA in a child with preoperative evidence of moderate to severe OSA, obesity, craniofacial anomalies that obstruct the upper airway, or neurologic disorder following adenotonsillectomy
- Titration of positive airway pressure in a child with OSA
- Suspected congenital central alveolar hypoventilation syndrome or sleep-related hypoventilation due to neuromuscular disorder or chest wall deformities
- Primary apnea of infancy
- Evidence of a sleep-related breathing disorder in an infant who has experienced an apparent life threatening event
- Child being considered for adenotonsillectomy to treat OSA
- Clinical suspicion of an accompanying sleep-related breathing disorder in a child with chronic asthma, cystic fibrosis, pulmonary hypertension, bronchopulmonary dysplasia, or chest wall abnormality



## What services are not covered?

The agency does not cover sleep studies:

- When the sleep study is an unattended home study.
- When documentation for a repeat study does not indicate medical necessity (e.g., no new clinical documentation indicating the need for a repeat study).
- For the following indications, except when an underlying physiology exists (e.g., loud snoring, awakening with gasping or choking, excessive daytime sleepiness, observed cessation of breathing during sleep, etc.):
  - ✓ Chronic insomnia
  - ✓ Snoring

## How does a sleep center become an agency-approved sleep center?

To become an agency-approved COE, a sleep center must send all of the following documentation to the Health Care Authority, c/o Provider Enrollment, P.O. Box 45510, Olympia, WA 98504-5510:

- A completed Core Provider Agreement
- Copies of the following:
  - ✓ The sleep center's current accreditation certificate by AASM
  - ✓ Either of the following certifications for at least one physician on staff:
    - Current certification in sleep medicine by the American Board of Sleep Medicine (ABSM)
    - Current subspecialty certification in sleep medicine by a member of the American Board of Medical Specialties (ABMS)
  - ✓ The certification of an RPSGT who is employed by the sleep center

**Note:** Sleep centers must request reaccreditation from AASM in time to avoid expiration of COE status with the agency.

At least one physician on staff at the sleep center must be board-certified in sleep medicine. If the only physician on staff who is board certified in sleep medicine resigns, the sleep center must ensure another physician on staff at the sleep center obtains board certification or another board-certified physician is hired. The sleep center must then send provider enrollment a copy of the physician's board certification.

If a certified medical director leaves a COE, the COE status does not transfer with the medical director to another sleep center.

**Note:** The COE must maintain a record of the physician's order for the sleep study.

### Centers of excellence (COE) lists

The agency maintains the following COE lists [online](#):

- Transplants
- Sleep Centers
- Hysteroscopic Sterilization

**Note:** For information about becoming accredited as a Center of Excellence for hysteroscopic sterilization, see the agency's [Physician Related Services/Health Care Professional Services Provider Guide](#).

## What are the billing requirements for sleep centers?

- Use CPT codes 95782, 95783, 95805, and 95807-95811 for sleep study services.
- Enter the approved agency sleep center’s NPI where the sleep study/polysomnogram or multiple sleep latency testing was performed. (See previous page for appropriate location of agency-approved sleep center.) Enter the COE NPI in box 32 on the CMS-1500 claim form. When billing electronically, note the COE NPI in the *Comments* section.
- Sleep studies are limited to rule out obstructive sleep apnea or narcolepsy.

The following is a list of approved diagnoses for sleep studies:

278.01	278.03	307.46	307.47	307.48
327.10	327.11	327.12	327.20	327.21
327.23	327.24	327.25	327.26	327.27
327.29	327.40	327.41	327.42	327.51
347.00	347.01	347.10	347.11	780.09
780.51	780.53	780.54	780.55	780.56
780.57	780.58	780.59	786.04	799.02

**Note:** When billing on a paper CMS-1500 claim form, note the COE NPI in field 32. When billing electronically, note the COE NPI in the *Comments* field.

# Diabetes Education

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(WAC [182-550-6400](#))

## What are the billing requirements for providing certified outpatient diabetes education?

- The agency requires diabetes education services to be billed using revenue code 0942.

**Note:** The agency requires authorized diabetes education programs to bill with revenue code 0942. Use of HCPCS codes G0108 and G0109 will cause a denial of the claim.

- The agency reimburses a maximum of **6 hours, or 12 one-half hour units, of patient education/diabetes management per client, per calendar year.**
- A minimum of **30 minutes of education/management must be provided** per session.
- Diabetes education may be provided in a group or individual setting, or a combination of both, depending on the client's needs.

**Note:** The agency does not reimburse for diabetes education if those services are an expected part of another program provided to the client (e.g. school-based health services or adult day health services).

## How does a hospital become a diabetes education provider?

- All hospitals are eligible to apply to be a diabetes education provider. The Diabetes Control Program (DCP) at the Department of Health (DOH) develops the application criteria and evaluates all applications for this program.
- For more information on becoming a certified diabetes education provider and to obtain an application, write or call:

Department of Health  
Diabetes Prevention and Control Program  
PO Box 47855  
111 Israel Rd. SE  
Tumwater, WA 98501  
360-236-3695

## Are there any other requirements for billing and reimbursement?

- In order to participate in the diabetes education program, a licensed primary health care provider must refer the client to a program for diabetes education.
- Hospitals must be approved by DOH as a diabetes education provider.
- The agency reimburses hospital providers for diabetes education at the hospital's current RCC rate.
- See the agency's [Diabetes Education Provider Guide](#) for more information.

# Other Related Programs

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When billing for the following services, follow the individual program guidelines as described in the program-specific [Provider Guides](#).

## **Does the agency reimburse for the shingles vaccine when administered in outpatient hospitals?**

Yes. The agency pays for the administration of the Herpes Zoster (shingles) vaccine (CPT codes 90471 and 90736) provided in outpatient hospitals and administered according to the guidelines in the agency's [Physician Related Services/Health Care Professional Services Provider Guide](#).

## **Who does the agency reimburse for providing medical nutrition therapy?**

The agency reimburses the following provider types when medical nutrition therapy is provided by certified dietitians to agency-eligible clients:

- Advanced Registered Nurse Practitioners (ARNP)
- Certified Dietitians
- Durable Medical Equipment (DME) suppliers
- Health Departments
- Outpatient Hospitals
- Physicians

For additional information see the agency's [Medical Nutrition Therapy Provider Guide](#).

## How does the agency pay for occupational therapy, physical therapy, or speech/audiology services?

The agency pays for outpatient rehabilitation (which includes occupational therapy, physical therapy, and speech/audiology) provided to eligible clients as an outpatient hospital service according to WAC [182-545-200](#) and [182-550-6000](#).

When services for adults in the outpatient hospital setting are provided by physical therapists, occupational therapists, or speech therapists, benefit limits are per client, per calendar year regardless of setting (example: home health, free-standing clinic or outpatient hospital).

See the agency's [Outpatient Rehabilitation Provider Guide](#) for information on new limitations for 19-20 year olds with Medical Care Services (MCS) or Alcohol and Drug Addiction Treatment Act (ADATSA) coverage.

A hospital must bill outpatient hospital occupational therapy, physical therapy, or speech/audiology using appropriate billing codes listed in the agency's provider guides. The agency does not pay outpatient hospitals a facility fee for such services.

**Note: The maximum number of visits allowed is based on appropriate medical justification.** The agency does not allow duplicate services for any specialized therapy for the same client when both providers are performing the same or similar procedure(s). If the client requires more than one therapist in the residence on the same day, the agency requires the therapist to document the therapeutic benefit of having more than one therapist for specialized therapy on the same day.

**Note:** For additional information for the above therapies, see the agency's [Outpatient Rehabilitation Provider Guide](#).

## How does the agency pay for services provided by certified neurodevelopmental providers?

(WAC [182-545-900](#))

The agency pays certified neurodevelopmental centers according to the agency's [Neurodevelopmental Centers Provider Guide](#).

A hospital must bill for neurodevelopmental services provided to outpatient using appropriate billing codes listed in agency's provider guides. The agency does not pay outpatient hospitals a facility fee for such services.

There should never be more than one bill for a single client for the same services (same revenue code, procedure code, and medical provider).

## What are the agency's radiology guidelines?

**Effective for dates of services on and after October 1, 2011**, the agency increased the number of procedures which require authorization, and the process for obtaining authorization changed. Hospitals must request authorization for any advanced imaging performed in the outpatient setting using web-based authorization requests. The authorization requirement is **not** applicable to imaging performed during an emergency room visit or an inpatient stay.

When a professional interpretation, referred to as a **read- only**, is performed on a hospital performed outpatient advanced image, the interpreting radiologist must be added to the agency's authorization record in order to receive payment. Therefore, the hospital must assure a prior authorization record has been created either by obtaining the authorization itself or assuring the ordering physician has obtained the authorization.

See the agency's [Physician Related Services/Health Care Professional Services Provider Guide](#) for any additional information.

## What are the agency's pathology/laboratory guidelines?

The agency bundles laboratory services as ancillary services under EAPG. See the agency's [Physician Related Services/Health Care Professional Services Provider Guide](#) for any additional information.



## Where can I find the agency's sterilization and hysterectomy procedures?

See the agency's [Physician Related Services/Health Care Professional Services Provider Guide](#).

## Where can I find the agency's surgical and medical procedures and evaluations?

See the agency's [Physician Related Services/Health Care Professional Services Provider Guide](#).

## What are the agency's authorization requirements for surgical procedures?

See [What surgical procedures require medical necessity review by the agency?](#) and [What surgical procedures require medical necessity review by Qualis Health?](#)

## What surgical procedures require medical necessity review by the agency?

To implement the prior authorization (PA) requirement for selected surgical procedures (including hysterectomies and other surgeries of the uterus), the agency will also conduct medical necessity reviews for selected surgical procedures. The agency began accepting requests for these medical necessity reviews April 1, 2012. For details about the PA requirements for these procedures, see either of the following:

- [Physician Related Services/Health Care Professional Services Provider Guide](#)
- [Physician-Related Services/Professional Health Care Services Fee Schedule](#)

## What surgical procedures require medical necessity review by Qualis Health?

The agency and Qualis Health have contracted to provide web-based submittal for utilization review services to establish the medical necessity of selected surgical procedures in the following categories:

- Carpal tunnel release
- Major joints
- Spinal, including facet injections
- Thoracic outlet release
- Upper and lower extremities

Qualis Health conducts the review of the request to establish medical necessity for surgeries, but **does not** issue authorizations. Qualis Health forwards its recommendations to the agency.

For more information about the requirements for submitting medical necessity reviews for authorization, see the agency's [Physician Related Services/Health Care Professional Services Provider Guide](#).

## How does the agency pay for services provided in certified kidney centers?

Certified kidney centers:

- Are exempt from OPPS reimbursement methodology.
- Must bill using their NPI and kidney center taxonomy code.
- Bill using bill type 072x.

Bill type 072x is reimbursed according to the agency's [Kidney Center Services Provider Guide](#).

## What are the billing requirements for providing organ transplants?

For details about the organ transplant program and billing, see the agency's [Physician Related Services/Health Care Professional Services Provider Guide](#).

# Billing and Claim Forms

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## What are the general billing requirements?

Providers must follow the agency's [ProviderOne Billing and Resource Guide](#). These billing requirements include, but are not limited to, all of the following:

- What time limits exist for submitting and resubmitting claims and adjustments
- When providers may bill a client
- How to bill for services provided to primary care case management (PCCM) clients
- How to bill for clients eligible for both Medicare and Medicaid
- How to handle third-party liability claims
- What standards to use for record keeping

## What additional outpatient hospital billing requirements are there?

Providers are required to bill according to National Correct Coding Initiative (NCCI) standards. NCCI standards are based on coding conventions defined in the American Medical Association's Current Procedural Terminology (CPT®) manual, current standards of medical and surgical coding practice, input from specialty societies, and analysis of current coding practices. The Centers for Medicare and Medicaid Services (CMS) maintains NCCI policy.

Information on [NCCI](#) can be found online.

The agency payment systems require consistent input to operate correctly. Providers are required to comply with these standards for the agency to make accurate and timely payment.

All hospitals must bill all claims in a completely OPPS-ready format, as outlined by CMS, and:

- Use CMS acceptable procedure codes where required.
- Use appropriate modifier.
- Use appropriate units of service.
- Ensure all services provided on a single date of service are billed on the same claim form.

Hospitals are required to bill using applicable revenue codes, CPT® codes, HCPCS codes, and modifiers. All hospitals must use these codes and the line item date of service regardless of OPPS participation. For a list of all procedures and their associated fees, see the agency's [Outpatient Prospective Payment System \(OPPS\) and Outpatient Hospitals Fee Schedule](#).

Outpatient short stay, emergency room facility charges, and labor room charges are covered in combination when time periods **do not** overlap.

Hospitals must report the line item service date, the admit hour, and the discharge hour on every outpatient claim.

Multiple visits on the same day must be unrelated in order to receive more than one payment.

Physicians' professional fees must be billed on a CMS-1500 claim form (see the agency's [Physician Related Services/Health Care Professional Services Provider Guide](#) and [Fee Schedule](#)) and must be billed under the physician NPI.

## How is billing different for outpatient hospital services in hospital-based clinics?

The agency requires clinics to bill for outpatient services in one of the following ways:

- If the Department of Health (DOH) has designated the clinic as a hospital-based entity, for the agency to reimburse the clinic and the associated hospital for services provided to Washington Apple Health clients, the hospital must submit to the agency a UB-04 or 837I claim form with the facility fees in form locator 47.
- If DOH has not designated the clinic as a hospital-based entity, the clinic must submit to the agency a CMS-1500 or 837P claim form containing both of the following:
  - ✓ The facility and the professional fees in field 24F
  - ✓ The place of service (POS) 11 (office setting) in field 24B

Medicare and Medicaid policy prohibit the hospital from billing a facility fee in this circumstance. The agency will reimburse the clinic the nonfacility setting fee.

In both of the above circumstances, clinics must follow the current instructions in this provider guide related to billing for outpatient services in an office setting.

## Where are applicable procedure codes found?

The agency's [Outpatient Prospective Payment System \(OPPS\) and Outpatient Hospitals Fee Schedule](#) is a systematic listing and coding of procedures and services provided in outpatient settings. This fee schedule is based on both CPT and Level II HCPCS books. Each procedure is identified by a five-character code to simplify reporting.

Located on the second tab of the fee schedule is a legend outlining coverage indicators. The *Auth* column outlines potential limitations. See the parent program guidelines for additional information.

**Professional components** must be billed on a CMS-1500 claim form. See the agency's [Physician Related Services/Health Care Professional Services Provider Guide](#).

## What modifiers do I bill with?

The agency follows the CCI guidelines for the use of modifiers, and accepts only the following CPT approved modifiers on outpatient claims:

Modifiers						
25	50	58	73	76	78	91
27	52	59	74	77	79	CA

Inappropriate use of modifiers may result in claim line denials.

## Where can I find the revenue code grid?

The revenue code grid is located on the agency's [website](#) (scroll down to the *Revenue Code Grids* heading).

Use only the revenue and procedure codes that appear in the revenue code grids on the website above when billing for any outpatient hospital services. Use of any other codes will result in delay or denial of your claim.

## How do I bill for services provided to CHAMPUS clients?

Civilian Health and Medical Programs of the Uniformed Services (CHAMPUS) clients must obtain a non-availability statement (NAS) for certain services not available at a military hospital before they can receive those services as an outpatient at a civilian hospital. The agency will not pay for any services that are included in NAS provisions. CHAMPUS' noncovered services may be billed to the agency with appropriate documentation. (An NAS is used to bill CHAMPUS for payment.) This requirement is in addition to the NAS requirement already established for inpatient admissions.

For information regarding this requirement, contact either of the following:

- **Managed Care Division  
Madigan Army Hospital  
253-968-3491 or 253-968-0643**
- **Your CHAMPUS Provider Relations Representative.**

## How do I bill for noncovered services?

The agency requires all services to be listed on the UB-04 claim form, whether they are covered or noncovered, per requirements by CMS and UB-04.

Following are examples of **other** noncovered items for hospitals. If one of these items has a revenue code, report the appropriate code in the *Noncovered* field. Services not identified by a revenue code should be placed under the subcategory **General Classification**.

- Bed Scales (if person is ambulatory)
- Cafeteria
- Circumcision Tray (routine circumcisions)
- Crisis Counseling
- Crutches (rental only is covered) No instruction
- Experimental or investigational medical services & supplies
- Father's Pack (not medically necessary)
- Food Supplements (except for qualified providers)
- Home Health Services
- Lab Handling Charges
- Medical Photographic Electronic & Video Records
- Nonpatient Room Rentals
- Operating Room Set-Up (when not utilized)
- Oxygen Equipment Set-Up (when not utilized)
- Personal Care Items (e.g., slippers, toothbrush, combs)
- Portable X-ray Charges (portable charge fee is included in fee for procedures)
- Psychiatric Day Care
- Recreational Therapy
- Routine tests and procedures (e.g., admission batteries, pre-anesthesia chest x-rays, fetal monitoring, etc.) are only covered if medically necessary\* and approved by physician.
- Standby Equipment Charges (for oxygen, anesthesia, and surgery when no actual service is performed)
- Take Home Drugs/Supplies
- Telephone-Telegraph/Fax
- Transportation (provided during hospital stay)
- Travel Time
- Whole Blood (Administration of blood is covered. These charges must clearly indicate administration fees.)

## How do I bill for single-dose vials?

For single-dose vials, bill for the total amount of the drug contained in the vial(s), including partial vials. Based on the unit definition for the HCPCS code, the agency pays providers for the total number of units contained in the vial.

**For example:** If a total of 150 mg of Etoposide is required for the therapy, and two 100 mg single dose vials are used to obtain the total dosage, then the total of the two 100 mg vials is paid. In this case, the drug is billed using HCPCS code J9181 (Etoposide, 10 mg). If the agency's maximum allowable fee is \$4.38 per 10 mg unit, the total allowable is \$87.60 (200 mg divided by 10 = 20 units x \$4.38).

For agency requirements for splitting single dose vials, see the *Compliance Packaging* section in the agency's [Prescription Drug Program Provider Guide](#).

## How do I bill for multi-dose vials?

For multi-dose vials, bill **only** for the amount of the drug administered to the client. Based on the unit definition (rounded up to the nearest whole unit) of the HCPCS code, the agency pays providers for only the amount of drug administered to the client.

**For example:** If a total of 750 mg of Cytarabine is required for the therapy, and is taken from a 2,000 mg multi-dose vial, then only the 750 mg administered to the client is paid. In this case, the drug is billed using HCPCS code J9110 (Cytarabine, 500 mg). If the agency's maximum allowable fee is \$23.75 per 500 mg unit, the total allowable is \$47.50 [750 mg divided by 500 = 2 (1.5 rounded) units x \$23.75].

## How do independent labs bill for pathology services?

The agency requires independent laboratories to bill hospitals for the technical component of anatomic pathology services furnished to hospital inpatients and outpatients. To prevent duplicate payment, the agency will not pay independent laboratories if they bill the agency for these services.



## Type of bill 141

The agency pays some claims with type of bill 141. Typically, these are for hospital laboratory tests unrelated to an outpatient visit. The agency follows CMS rules for type of bill 141 as specified in [CMS Transmittal 2845](#) (pages 6 and 7).

## How do I bill for neonates/newborns?

For services provided to a newborn who has not yet received his/her Services Card, bill the agency using the parent's ProviderOne Client ID in the appropriate fields on the UB-04 claim form.

When billing electronically for twins, enter twin identifying information in the comment or remarks area of the UB-04 claim form. For example, **Twin A, baby on Mom's ProviderOne Client ID, Twin B.**

When billing on a **paper claim** for twins, enter the twin identifying information in the remarks box (box 80) in the lower left corner of the UB-04 form. Use a separate UB-04 claim form for each newborn. The claim will be denied if there is no identifying information for the twin.

**Note:** Bill services for mothers on separate UB-04 claim forms.

## Are managed care clients covered?

(WAC [182-538-060](#) and [182-538-095](#))

**Yes.** When verifying eligibility using ProviderOne, if the client is enrolled in an agency-contracted managed care plan, managed care enrollment will be displayed on the client benefit inquiry screen. All services must be requested directly through the client's Primary Care Provider (PCP). Clients can contact their managed care plan by calling the telephone number provided to them.

All medical services covered under an agency-contracted managed care plan must be obtained by the client through designated facilities or providers. The managed care plan is responsible for:

- Payment of covered services.
- Payment of services referred by a provider participating with the plan to an outside provider.

**Note:** To prevent billing denials, check the client's eligibility **prior** to scheduling services and at the **time of the service** and make sure proper authorization or referral is obtained from the plan. Providers must receive authorization from the client's HMO primary care provider prior to providing services, **except for emergency services**. See the agency's [ProviderOne Billing and Resource Guide](#) for instructions on how to verify a client's eligibility.

## How do I complete the UB-04 claim form?

Providers may access [online](#) webinars demonstrating how to submit institutional fee-for-service claims using direct data entry and how to upload a HIPAA batch file.

Detailed instructions on how to complete and bill according to the official UB-04 Data Specifications Manual is available from the [National Uniform Billing Committee](#).

**Note:** When billing for clients, make sure to include patient status.

## How do I submit institutional services on a UB-04 crossover claim?

- Complete the claim form as if billing for a non-Medicare client.
- Always attach the Explanation of Medicare Benefits (EOMB).
- Enter the third-party (e.g., Blue Cross) supplement plan name in the appropriate form locator. Enter **only** payments by a third-party (e.g., Blue Cross) supplement plan and attach the EOMB.

## **What does the agency require from the provider-generated Explanation of Medicare Benefits (EOMB) to process a crossover claim?**

**Header level information on the EOMB must include all the following:**

- Medicare as the clearly identified payer
- The Medicare claim paid or process date
- The client's name (if not in the column level)
- Medicare Reason codes
- Text in font size 12 or larger

**Column level labels on the EOMB for the UB-04 must include all the following:**

- The client's name
- From and through dates of service
- Billed amount
- Deductible
- Co-insurance
- Amount paid by Medicare (PROV PD)
- Medicare Reason codes
- Text that is font size 12