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Differences in Vendor Software May Affect 20% Add-On Payments for COVID-19 Inpatients

By Nina Youngstrom

There's a snag with the 20% payment bonus for hospitals treating COVID-19 inpatients, with ramifications for the dollars they collect on claims and the integrity of their cost reporting, according to a revenue cycle expert. The problem stems from a convergence of the "unprecedented" nature of the add-on payment for diagnosis code U07.1 and the disparate ways in which vendors are representing the calculations in the grouper software for hospitals, she said. So far, this seems to have flown under the radar, even though it's potentially costing hospitals money at a time they're already squeezed financially by the pandemic.

"I have never in 38 years witnessed the federal government saying, 'On this code—and this code alone—we will give you more money,'" said Deborah Gardner-Brown, founder of Sepsis Integrity Review Services in New Jersey. "It's this one, single code that drives this money, and it's clearly being interpreted in two different ways." She has tracked MS-DRGs and identified a variant in the calculation for the 20% add-on, depending on which grouper software is used to assign DRGs. "The point is not to vendor shame," Gardner-Brown said at a Feb. 5 *Finally Friday* webinar[1] sponsored by the Appeal Academy. Instead, the goal is to ensure hospital claims generate the 20% bump when appropriate, and the costs of treating COVID-19 patients are fully captured on the Medicare cost report.

Gardner-Brown briefly walked through the sequence of events that got hospitals to this moment. On Feb. 20, 2020, with the Centers for Disease Control and Prevention announcing that cases of a new coronavirus were accumulating, the four cooperating parties (CMS, American Hospital Association, National Center for Health Statistics, and American Health Information Management Association) instructed providers in all environments, including hospitals, to use an existing diagnosis code, B97.29, from the parasitic chapter of ICD-10. On April 1, they implemented a COVID-19-specific diagnosis code, U07.1, and said use of B97.29 for coronavirus would cease on March 31. That same month, Congress enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which added the 20% extra payment for treating inpatients with COVID-19 infections, whether it's the principal or secondary diagnosis on the claim.