

August 18, 2020

CMS Issues New Requirement for DRG Add-on

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided for a 20% add-on to the inpatient prospective payment system (PPS) diagnosis-related group (DRG) rate for patients diagnosed with COVID-19 for the duration of the public health emergency. The Centers for Medicare & Medicaid Services (CMS) Aug. 17 updated its [guidance](#) related to this add-on payment.

For inpatient admissions occurring on or after Sept. 1, 2020, claims eligible for the 20% add-on will be required to have a positive COVID-19 laboratory test documented in patients' medical records. This requirement will be in addition to the requisite International Classification of Diseases, Tenth Revision, Clinical Modification (ICD-10-CM) diagnosis codes:

- B97.29 (Other coronavirus as the cause of diseases classified elsewhere) for discharges occurring on or after Jan. 27, 2020, and on or before March 31, 2020.
- U07.1 (COVID-19) for discharges occurring on or after April 1, 2020, through the duration of the COVID-19 public health emergency period.

Positive tests must be demonstrated using only the results of viral testing (i.e., molecular or antigen). The test may be performed either during the hospital admission or prior to the hospital admission. Per the guidance, a viral test performed within 14 days of the hospital admission, including a test performed by an entity other than the hospital (such as a test result from testing centers run by the local government), can be manually entered into the patient's medical record to satisfy this documentation requirement. In some rare cases, a positive test performed more than 14 days before the hospital admission may be considered.

While the inpatient PPS Pricer will continue to apply the 20% adjustment based on appropriate diagnosis codes listed above, the guidance notes that CMS may conduct post-payment medical review to confirm the presence of a positive COVID-19 test in the medical record. If no such test is present, the additional payment resulting from the 20% add-on will be recouped.

For more information, please see the CMS [guidance document](#).