

ADMINISTRATIVE POLICY STATEMENT Michigan Medicaid Policy Name & Number Date Effective		
Three-Day Payment Window-MI MCD-AD-1377	06/01/2024	
Policy Ty		
ADMINISTRATIVE		
Administrative Policy Statement prepared by CareSource and its affiliates are derived from literature based on and supported by clinical guidelines, nationally recognized utilization and technology assessment guidelines, other medical management industry standards, and published MCO clinical policy guidelines. Medically necessary services include, but are not limited to, those health care services or supplies that are proper and necessary for the diagnosis or treatment of disease, illness, or injury and without which the patient can be expected to suffer prolonged, increased or new morbidity, impairment of function, dysfunction of a body organ or part, or significant pain and discomfort. These services meet the standards of good medical practice in the local area, are the lowest cost alternative, and are not provided mainly for the convenience of the member or provider. Medically necessary services also include those services defined in any Evidence of Coverage documents, Medical Policy Statements, Provider Manuals, Member Handbooks, and/or other policies and procedures.		

According to the rules of Mental Health Parity Addiction Equity Act (MHPAEA), coverage for the diagnosis and treatment of a behavioral health disorder will not be subject to any limitations that are less favorable than the limitations that apply to medical conditions as covered under this policy.

Table of Contents		
A.	Subject	2
В.	Background	2
C.89	9 reW*nBT/F1 8.04 Tf1 0 0 1 77.664 473.11 Tm0 G [s)-6 G [s)-6 G30309.65 Tm0 G -	



A. Subject Three-Day Payment Window

B. Background CareSource follows the three

he ADMINISTRATIVE Policy Statement detailed above has received due consideration as defined in the ADMINISTRATIVE Policy Statement Policy and is approved.



The hospital will need to void the paid claim for the outpatient service and resubmit the inpatient claim so that it includes inpatient and outpatient services.

- C. If both the outpatient and inpatient services are initially paid for the same hospital or wholly owned hospital system, retroactive recovery may be initiated for the outpatient services inclusive by the three-day window.
- D. Physician practices and entities should use modifier *PD* (diagnostic or related non-diagnostic item or service provided in a wholly owned or operated entity to a patient who is admitted as an inpatient within three days or one day) to identify services subject to the payment window.
- E. ICD-10 diagnosis code *Z01.81X* should be used to indicate an encounter for preprocedural examinations to flag the outpatient claim as related to an inpatient service/procedure.
- II. Outpatient hospital behavioral health services provided within 3 calendar days prior to the inpatient admission are exempt from the three-day window policy.
- E. Conditions of Coverage NA
- F. Related Policies/Rules NA
- G. Review/Revision History



- 5. *Medicaid Provider Manual*. Michigan Dept of Health and Human Services; 2023. Updated January 1, 2024. Accessed February 22, 2024. www.mdch.state.mi.us
- 6. *Provider Manual*. HAP Empowered; 2023. Accessed February 22, 2024. www.hap.org