

Report on Medicare Compliance Volume 30, Number 4. February 01, 2021

Coders Adapt to COVID-19 Sequencing That's a 'Departure'; Brace for Denials of 20% Bonus

By Nina Youngstrom

Assigning the principal diagnosis in a COVID-19 world and protecting claims from downcoding by Medicare, Medicare Advantage (MA) and commercial payers has become more complicated. Hospitals are now advised to code COVID-19 as the principal diagnosis when patients are admitted with conditions associated with COVID-19, with some exceptions, including sepsis. But payers may remove sepsis diagnoses from claims inappropriately, experts say, which will affect reimbursement differently this year versus last year—more if patients were on a ventilator. On a related note, effective Jan. 1, there are new diagnosis codes for more specific manifestations of COVID-19, including COVID-19 pneumonia.

“You want to make sure you’re watching very carefully,” said Garnette McLaughlin, senior consultant and compliance officer at Intersect Healthcare + AppealMasters in Towson, Maryland. “Watch the date of services to make sure you’re using the right codes.”

Meanwhile, hospitals should be on the lookout for denials of the 20% bonus on their claims for treating COVID-19 inpatients or MA plan withholds. One hospital in late January had the money held back by an MA plan that selectively applied the policy implementing the Coronavirus Aid, Relief, and Economic Security (CARES) Act’s increase in the MS-DRG relative weight, said Richelle Marting, an attorney for the hospital. She thinks this will be a fertile area for denials.

COVID-19 Takes Precedence

When other conditions are the chief condition occasioning the admission to the hospital, which is the definition of a principal diagnosis, and the other condition is related to COVID-19, *Coding Clinic*^[1] advises coders to put COVID-19 in the top spot and report COVID-19-associated conditions as secondary diagnoses, McLaughlin said. “It’s a departure from what we have traditionally seen in coding,” she said. “It will be interesting to see what payers do with it. It’s imperative whoever is auditing knows the guidance in the coding book and *Coding Clinic*. I have seen it before where auditors are not always aware of the most recent coding guidance.”

Coding Clinic, which is the American Hospital Association’s authoritative newsletter on coding, made the sequencing clear in recent months in answers to multiple questions, which were jointly developed with the American Health Information Management Association. For example, in the third quarter 2020 edition, there’s a question about how to code for continued treatment of acute hypoxic respiratory failure due to COVID-19 when a patient is transferred from a short-term acute-care hospital to a long-term acute-care hospital. The answer: “Assign code U07.1, COVID-19, as the principal diagnosis, and code J96.01, Acute respiratory failure with hypoxia, as a secondary diagnosis.”^[2]

Two other answers in *Coding Clinic* to similar questions point coders to the same destination. “Putting all of that guidance together means that if a patient with an active COVID-19 infection has documented associated complications, COVID goes before the complication,” McLaughlin said. “In a lot of circumstances, that’s going to

make COVID the principal diagnosis for an inpatient encounter.” There are some exceptions, including sepsis, “because other coding guidelines dictate that.”

The guidance takes some getting used to. For example, diabetic patients with life-threatening diabetic ketoacidosis generally are admitted to the hospital and carefully managed, McLaughlin said. Even if the patient has COVID-19, the assumption would be to make ketoacidosis the principal diagnosis. Based on the recent guidance, however, COVID-19 would be the principal diagnosis and diabetic ketoacidosis the secondary diagnosis, assuming the physician documents something like “the COVID caused the diabetic ketoacidosis,” McLaughlin said. Similarly, she said, “If patients start throwing blood clots and end up with pulmonary embolism and the physician says, ‘This was pulmonary embolism due to COVID,’ the COVID becomes the principal diagnosis.”

This document is only available to subscribers. Please log in or purchase access.

[Purchase Login](#)