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MA Plans Only Need Condition Code 44 Indicator; Avoid 'Unnecessary Work'

By Nina Youngstrom

Most of the condition code 44 hoops that hospitals are required to jump through for traditional Medicare don't matter to Medicare Advantage (MA) plans, according to a physician advisor. For the most part, MA plans are only interested in the billing indicator, not the compliant status change process.

"This is one of the big misapprehensions," said Bartho Caponi, M.D., medical director for utilization management at the University of Wisconsin-Madison, at a Nov. 14 Town Hall on observation sponsored by the American College of Physician Advisors. Condition code 44 is a billing code indicator that conveys a status change from inpatient to outpatient, but it's also used "more broadly as shorthand for the process where we compliantly changed a hospitalized inpatient to an outpatient before discharge," he said. That makes sense for traditional Medicare, which requires the status change process, including the condition code billing indicator, "but other payers just want the billing indicator"—unless they say so specifically in their contracts with hospitals.

"Are you holding yourself to a standard you don't need to? Are you creating unnecessary work you don't need to?" The billing indicator refers to instructions for submitting the claim, not a utilization review process, Caponi said. The billing instructions appear in Medicare Transmittal 299: "When the hospital submits a 13x or 85x bill for services furnished to a beneficiary whose status was changed from inpatient to outpatient, the hospital is required to report Condition Code 44 in one of Form Locators 24-30, or in the ANSI X12N 837 I in Loop 2300, HI segment, with qualifier BG, on the outpatient claim."[1]

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