



COLORADO

Department of Health Care
Policy & Financing

303 E. 17th Avenue
Denver, CO 80203

Date 02/26/2024

RE: Initial Hospital Care Codes Recovery Audit Contract: Audit Update

Dear Health First Colorado (Medicaid) Providers:

The Colorado Department of Health Care Policy & Financing (HCPF) is publishing an update to the Recovery Audit Contract (RAC) audit “Initial Hospital Care Codes”. The intention in this letter is to clarify recent agreements and updates to this audit, including communications between provider associations and HCPF. It has come to HCPF’s attention that there has been [published information](#) from Colorado Medical Society, which is causing confusion. This confusion has led to a misunderstanding of how HCPF intends to handle these cases and the audit moving forward. HCPF hopes that this letter will help to clarify any misunderstandings and update providers on the audit, itself.

Audit Updates:

Providers can expect the following changes for the “Initial hospital care codes” (99221-99223) RAC Audit going forward, which includes that the RAC will not identify audit overpayments for these codes when they are used by a provider:

- To indicate that an Evaluation & Management (E&M) service was provided for the purpose of an inpatient admission of a Health First Colorado client.
- To indicate that E&M service was provided by a physician, other than the admitting physician, only in the following instances:
 - The provider is not from the same medical/physician group that has billed this code set previously for the same Health First Colorado client during the same inpatient stay; or
 - The provider is not from the same group or from a different group with the exact same specialty that has billed code set previously for the same Health First Colorado client during the same inpatient stay; or
 - The provider is not from the same group, the same specialty, or the same subspecialty that has billed this code set previously for the Health First Colorado client during the same inpatient stay.

Providers should be aware that the audit and overpayment findings will not change if there are true duplicates, as outlined above, including the same group, or specialty, or subspecialty that bills duplicate initial visits for the same patient during the same hospital admission. HCPF will not be rescinding this audit and is not removing any set of codes (99221-99223) from this audit as stated by Colorado Medical Society.

During the course of this audit we have also found that providers using the initial hospital care codes (99221-99223) used them for a variety of reasons. Some providers were using these codes for transfer of care, subsequent visits, or for other non-consulting reasons in error. HCPF has identified billing of this code where the physician group owned or billed



under the same Tax ID as the hospital, which represents unbundling. These kinds of findings, whether billed singularly for the same patient or multiple times will not be considered for this update or change and will be handled on a case-by-case basis.

Provider Billing Going Forward:

Provider's, going forward, should use the appropriate year's CPT code for E&M coding which accurately describes the services rendered when billing medical claims. HCPF's Benefit Program/Policy Staff will publish any changes that divert from AMA guidelines, however, the RAC contract is not changing any policy, rule or agreeing to divert from AMA guidelines for correct billing. Any changes to the audit pertain only to the RAC audit and not to policy and benefit coverage or to correct coding which is federally mandated under the Code of Federal Regulations [§45 CFR Part 162](#).

Additionally providers need to stay up to date on correct coding and, year to year, should be following any published billing information from HCPF as well as any coding that is federally mandated, such as the National Correct Coding Initiatives ([NCCI for Medicaid](#)). In order for HCPF to be able to maintain federal matching on claims to pay providers we are required to follow these rules as well as to verify billing compliance with both state and federally mandated rules.

To find out more about training on correct coding from the Centers for Medicare and Medicaid Services (CMS) please visit [CMS.gov](#). To review more information about the HIPAA Administrative Simplifications act please review the "[Code Sets Basics](#)" informational infographic from CMS.

Background & Timeline:

January 30th, 2024:

Colorado Hospital Association (CHA) and Colorado Medical Society met with members of Health Care Policy & Financing (HCPF) to discuss the audit of "Initial hospital care codes".

In attendance were the following representatives:

Colorado Hospital Association

- Meghan Axelrod, Director of Regulatory Policy & Federal Affairs
- Katherine Mulready, Senior Vice President and Chief Strategy Officer
- Jeff Tieman, President & CEO

Colorado Medical Society

- Chet Seward, Chief Strategy Officer

Health Care Policy & Financing

- Kim Bimestefer, Executive Director
- Ralph Choate, Medicaid Operations Office (MOO) Chief Operations Officer
- Bart Armstrong, Fraud, Waste, & Abuse (FWA) Division Director
- Alyssa Gilger, Recovery Audit Contract (RAC) Section Manager and State Representative for the RAC Program



HCPF came to an agreement with CHA and Colorado Medical Society to update the audit on a go-forward basis, but in no way indicated that this audit would be rescinded. HCPF was asked for a formal response by February 29th, 2024.

January 31st, 2024:

After the meeting, CHA and Colorado Medical Society emailed HCPF to clarify communications to their members. CHA asked HCPF to review the message they were intending to publish.

February 1st, 2024:

HCPF updated the communications with suggested changes as there was misinformation in the draft communications. Both Colorado Medical Society and CHA had clear information on the agreement and the expectations.

February 8th, 2024:

After clarifications on the changes were emailed from HCPF to Colorado Medical Society and CHA, Colorado Medical Society published misinformation on their [website](#).

Conclusion:

While we understand that providers rely on associations to publish accurate information, in this case, the information was not complete, causing confusion. HCPF will continue to ensure that any information and guidance from the RAC program is correct and is communicated in the agreed upon timeframes, has the correct information, and is published online and provided to associations, providers, and to the public to ensure transparency. Any changes to RAC audits are specifically for the Colorado RAC Program audits. They do not pertain to policy or benefit coverage changes. This update does not preclude any other state or federal agency/program from auditing based on state and federal rules or investigations for fraud, waste, and abuse.

Sincerely,

Bart H. Armstrong, Esq.

Bart Armstrong
Fraud, Waste, & Abuse Division Director
Medicaid Operations Office

