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MEMORANDUM

DATE: March 19, 2014

TO: All Hospital CFO's

FROM: Claudine Williams, Associate Director, Policy Analysis   
Amanda Vaughan, Program Manager 

RE: Further Guidance for Categorizing Residency and Reporting Medicare FFS  
or HMO as Primary Payer

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The purpose of this memo is to provide further guidance to hospitals for running the monthly financial data with the expanded residency and payer splits to ensure consistent reporting across hospitals.

**Residency Assignment**

There seems to be inconsistency in how hospitals are assigning residency based on zip codes. In a memo dated September 25, 2013, HSCRC staff suggested hospitals to use zipcodestogo.com for a concise listing of Maryland zip codes. However, when staff compared the list to other sources, some zip codes that were identified as Maryland zip codes were not included on the list.

To resolve this issue, HSCRC staff have compiled a comprehensive list of Maryland zip codes and it is posted (along with this memo) on the HSCRC website, under Policy Clarifications and Regulation Updates, at [http://76.12.205.105/pdr\\_clarifications.cfm](http://76.12.205.105/pdr_clarifications.cfm). If there are zip codes missing from this list, please contact the HSCRC.

In addition, HSCRC defines the following patients as "In-State" residents:

- Patients with Unknown zip codes (coded as "99999" in the discharge abstract)
- Patients with missing zip codes

The following patients will be defined as "Out-of-State" residents:

- Patients with a valid out-of-state zip codes
- Patients reported as International (coded as "77777" or County data item coded as "89" in the discharge abstract)

## **Reporting Primary Payer as Medicare FFS or HMO**

HSCRC staff also found inconstancy on how hospitals were reporting visits where the primary payer was Medicare FFS or HMO. There were some hospitals that reported Medicare HMO charges on the expanded financial data, and did not report visits where the primary payer was Medicare HMO on the discharge abstract (and vice versa).

For categorization of Medicare as primary payer, hospitals should identify and report the anticipated source of payment for the services incurred on the financial data in the same manner as it is reported on the discharge abstract data. For more information on the codes that are used in the discharge abstract to report the expected primary payer, we direct you the following data items in the Inpatient and Outpatient Data Submission Requirements on the HSCRC website ([http://hscrc.maryland.gov/hsp\\_Info1.cfm](http://hscrc.maryland.gov/hsp_Info1.cfm)) :

- For Inpatient, Data Item 22 (Expected Primary Payer), codes 01 and 15. For a list of Medicare HMOs, see Data Item 17d (Primary Health Plan Payer), codes 55-61.
- For Outpatient, Data item 19 (Expected Primary Payer), codes 01 and 15. For a list of Medicare HMOs, see Data Item 16 (Primary Health Plan Payer), codes 55-61.

If you have any questions regarding the information in this memo or regarding the filing of monthly volume and revenue statistics, please contact Amanda Vaughan on 410-764-2597, or by email at [Amanda.vaughan@maryland.gov](mailto:Amanda.vaughan@maryland.gov)