



**QIP TOPS CONTROL NUMBER: QIO 2006-02**

**DATE:** March 27, 2006

**FROM:** William C. Rollow, M.D., M.P.H., Director  
Quality Improvement Group  
Office of Clinical Standards and Quality

**SUBJECT:** Policy Regarding the New Quality Improvement Organization (QIO)  
Physician Acknowledgment Statements

**TO:** Associate Regional Administrators, DCSQ  
Regions I, VI, VII, IX  
Chief Executive Officers, All QIOs

**Policy Revision**

This TOPS memo revises QIO 2005-02 issued on June 23, 2005. **Effective immediately**, the following policy will be implemented regarding the monitoring of physician acknowledgment statements.

**Revised Policy for Monitoring Hospital's Physician Acknowledgment Statements**

A. Background -- Regulations at 42 CFR 412.46 (one of the conditions at 42 CFR 412, Subpart C) require hospitals to obtain only one signed acknowledgment from physicians who are being granted admitting privileges at a particular hospital. The physician must complete the acknowledgment at the time that he/she is granted admitting privileges at the hospital or before, or at the time the physician admits his/her first patient to the hospital. When the hospital submits a claim, it must have on file a signed and dated acknowledgment from the attending physician that the physician has received the notice specified in 42 CFR 412.46(b). Existing acknowledgments signed by physicians already on staff remain in effect as long as the physician has admitting privileges at the hospital.

Hospitals must meet the conditions specified in 42 CFR 412, Subpart C, to receive payment under the PPS for inpatient hospital services furnished to Medicare beneficiaries. If a hospital fails to comply fully with these conditions with respect to one or more Medicare beneficiaries, CMS may, as appropriate:

- Withhold Medicare payment in full or in part to the hospital until the hospital provides adequate assurances of compliance; or
- Terminate the hospital's provider agreement.

B. Monitoring Requirements -- At least annually, monitor hospitals to ensure that they are appropriately obtaining the acknowledgment statements from physicians with new admitting privileges as required at 42 CFR 412.46. You may perform this monitoring requirement at one single time or more frequently during each contract year. To perform this activity, you must do the following:

- Inform providers in your review area that you are required to ensure that each hospital is in compliance with the acknowledgment requirement;
- Coordinate with the intermediary in your review area to facilitate action by the Fiscal Intermediary (FI) as needed. For example, you may coordinate with the intermediary to establish a mechanism to facilitate reporting by the intermediary when the intermediary is aware/has knowledge of a hospital not obtaining appropriate acknowledgment(s) before billing;
- Request from the providers in your area a list of all physicians with new admitting privileges for the year/period under review. Request the physician name, UPIN, date acknowledgment signed, and date first claims submitted for payment by Medicare, if applicable;
- For hospitals which have a large amount of new physicians signing acknowledgment statements, select a random sample of at least 10 percent of all physician acknowledgment statements, to verify against the submitted list. If the hospital in your area has less than 50 new physicians signing acknowledgment statements, you must verify at least 5 physician acknowledgment statements annually. If there are 5 or fewer new physicians annually in a hospital, verify all physician acknowledgments;
- Identify any deficiencies found such as:
  - There are statements missing;
  - The statement is not signed and/or dated;
  - The *Notice to Physician* language is technically inaccurate;
  - The signed date is later than the first claim submitted date.
- If there is any deficiency or a concern that the statement may have been dated late (for example, the provider submits an acknowledgment statement that is dated after the date of the QIO request) validate the information received from the hospital against CMS claims data. This identifies any instances where the date of the first claim submitted to the FI precedes the date the physician signed the statement.
- If a deficiency is found on the validated claim(s), select and validate all or an additional random sample for that hospital to ensure that a pattern does not exist. You must determine what constitutes a pattern based on the number of physicians' first claims submitted by the hospital before the physician signed the acknowledgment statements.
- Notify the provider of the results of your review if there are deficiencies.
- As needed, request an improvement plan to correct any deficiencies that are found and/or to ensure the same deficiencies do not occur in the subsequent review periods.

C. Reporting Requirements -- If you determine that corrective action is necessary (i.e., a deficiency affects payment under the PPS Program):

- Notify the intermediary of the deficiency for claim adjustment;
- Notify the hospital that it must correct the deficiency immediately. Concurrently, inform the appropriate CMS Associate Regional Administrator through your Project Officer; and
- Enter into SDPS (PRS) system:
  - If no problems are found, enter only the number of new physicians identified and the number of acknowledgment statements that are received;
  - If problems are found, record each variance.

If the problem continues, or a pattern of noncompliance is established, refer the case to the appropriate CMS Associate Regional Administrator for further action(s) through your Project Officer.

### **Background**

Section 42 CFR 412.46 states that because payment under the prospective payment system is based in part on each patient's principal and secondary diagnoses and major procedures performed, as evidenced by the physician's entries in the patient's medical record, physicians must complete an acknowledgment statement to this effect.

When a claim is submitted, the hospital must have on file a signed and dated acknowledgment from the attending physician that the physician has received the physician acknowledgment statement. The acknowledgment must be completed by the physician at the time that the physician is granted admitting privileges at the hospital, or before or at the time the physician admits his or her first patient. Existing acknowledgments signed by physicians already on staff remain in effect as long as the physician has admitting privileges at the hospital.

If you have any questions regarding this memorandum, please contact Yvette R. Williams at (410) 786-6844.