

We are proposing to require IPFs to use the psychiatric diagnosis codes in Chapter Five ("Mental Disorder") of the ICD-9-CM to report diagnostic information for the proposed IPF prospective payment system. All changes to the ICD coding system that would affect the proposed IPF prospective payment system would be addressed annually in the hospital inpatient prospective payment system rules. The updated codes are effective October 1 of each year and must be used to report diagnostic or procedure information. (Additional information regarding updates to the ICD-9-CM and DRGs is included in section V.B. of this proposed rule). The official version of the ICD-9-CM is available on CD-ROM from the U.S. Government Printing Office. The FY 2004 version can be ordered by contacting the Superintendent of Documents, U.S. Government Printing Office, Department 50, Washington, D.C. 20402-9329, telephone: (202) 512-1800. The stock number is 017-022-01544-7, and the price is \$25.00. In addition, private vendors publish the ICD-9-CM.

Questions and comments concerning the codes should be addressed to: Patricia E. Brooks, Co-Chairperson, ICD-9-CM Coordination and Maintenance Committee, CMS, Center for Medicare Management, Purchasing Policy Group, Division of Acute Care, Mailstop C4-08-06, 7500 Security Boulevard, Baltimore, Maryland 21244-1850. Comments may be sent via e-mail to: [pbrooks@cms.hhs.gov](mailto:pbrooks@cms.hhs.gov).

## 2. DRGs

DRGs constitute the patient classification system used in the hospital inpatient prospective payment system. DRGs provide a means of relating the types of patients treated by a hospital to the costs incurred by the hospital. While each patient is unique, groups of patients have demographic, diagnostic, and therapeutic attributes in common that determine their level of resource intensity.

Currently, IPF claims include ICD-9-CM diagnosis coding information. The TEFRA payment methodology does not use the DRG classification of IPF cases. Nonetheless, when IPF claims are submitted to us, the DRG associated with the patient's principal ICD-9-CM diagnosis code is assigned to the claim by the GROUPE software program. As a result, our administrative data includes the DRG assignments for all IPF cases.

We are proposing to require IPFs to use the psychiatric diagnosis codes in Chapter Five ("Mental Disorders") of the ICD-9-CM. This decision is

consistent with the Standards for Electronic Transaction final rule published in the **Federal Register** on August 17, 2000 (65 FR 50312). The ICD-9-CM coding system is currently designated as the standard medical data code set for capturing cause and manifestation of injury, disease, impairments, or other health problems. These guidelines are available through a number of sources, including the following Web site: <http://www.cdc.gov/nch/data/icdguide.pdf>.

Current regulations at § 412.27 require that a psychiatric unit admit only those patients who have a principal diagnosis that is listed in the DSM or classified in Chapter Five ("Mental Disorders") of the ICD-9-CM. The hospital must maintain records that substantiate the psychiatric diagnoses of its patients. We specifically request public comments on continuing to reference the DSM in light of the proposed requirement that IPFs use the ICD-9-CM code set in the proposed IPF prospective payment system.

### *B. Limitations of the DRG System for Psychiatric Patients*

Adopting a patient classification system for IPFs based on diagnosis alone may not explain the wide variation in resource use among patients in IPFs for several reasons. For instance, the diagnosis may not fully capture the reasons for hospitalization. A patient with a chronic disorder, like schizophrenia, may be admitted for a variety of acute problems (suicide attempt, catatonic withdrawal, or psychotic episode) that require very different treatments (Goldman, H.H., Pincus, H.A., Taube, C.A., and Reiger, D.A. (1984). *Hospital and Community Psychiatry*, 35(5): 460-464).

Further, treatment patterns are more variable in psychiatry, with multiple clinically accepted methods of care. As a result, resource use varies substantially between acute care and chronic care patients, and between the facilities that treat predominately one type of patient. For example, public psychiatric hospitals tend to treat the chronically mentally ill, with substantially longer lengths of stay, compared to the patients generally treated in psychiatric units and private psychiatric hospitals.

Predicated on the analysis of the administrative data and pending refinements from the research, we believe the DRG is an appropriate method to account for certain, although not all, clinical characteristics and associated resources. Therefore, under this prospective payment system, we are proposing to assign a DRG to each case

based on the principal diagnosis (ICD-9-CM code) reported by the IPF as one adjustment to the Federal per diem base rate.

In making this decision, we analyzed past research as well as a recent study supported by the American Psychiatric Association (APA). In the study, APA partnered with the Health Economics and Outcomes Research Institute (THEORI), a division of the Greater New York Hospital Association, to assess whether our existing administrative data could be used to develop a prospective payment system for IPFs. This study found that a prospective payment system for IPFs could be developed based on existing CMS administrative data, be clinically relevant, and limit the administrative burden on providers. The system they proposed included an adjustment for DRG assignment.

In summary, we acknowledge that the psychiatric community uses the DSM as a tool to diagnose a patient's mental illness and to aid in treatment planning. However, we are proposing to require IPFs to report diagnoses in Chapter Five of the ICD-9-CM as required by the Administrative Simplification Provisions found in 45 CFR subchapter C. In addition, we are proposing to identify specific DRGs for payment adjustment under the proposed IPF prospective payment system. The rationale for the selection of the proposed DRGs for use in the proposed IPF prospective payment system is described below.

### *C. Proposed DRG Adjustments Under the Proposed IPF Prospective Payment System*

As noted above, the principal diagnosis is defined as the condition, after study (clinical evaluation), to be chiefly responsible for admitting the patient to the hospital for care. Despite this longstanding definition, our review of hospital claims data that were used to develop the proposed IPF prospective payment system indicates that a substantial number of claims have non-psychiatric diagnoses identified as the principal diagnosis.

Medicare regulations as specified in § 412.27(a) require psychiatric units of acute care hospitals to admit only those patients with a principal diagnosis in the DSM or Chapter Five ("Mental Disorders") in the ICD-9-CM. Therefore, if a patient is admitted to a general hospital for a medical condition such as pneumonia, and also presents psychiatric symptoms, which necessitates an admission to the psychiatric unit, the principal diagnosis for the admission to the psychiatric unit should be the psychiatric symptoms