Corporate Reimbursement Policy

Nonpayment for Serious Adverse Events

File Name: nonpayment_for_serious_adverse_events
Origination: 03/2009
Last Review: 12/2016
Next Review: 12/2017

Description of Procedure or Service

Adverse healthcare events are a leading cause of death and injury in the United States. A November 1999 report by the Institute of Medicine indicated that as many as 98,000 people die in hospitals each year as the result of medical errors. This would make medical errors the eighth leading cause of death in this country. Errors occur not only in hospitals but in other health care settings, such as physicians’ offices, nursing homes, pharmacies, urgent care centers, and care delivered in the home. Unfortunately, very little data exist on the extent of the problem outside of hospitals.

The Institute of Medicine defines medical error as "the failure to complete a planned action as intended or the use of a wrong plan to achieve an aim." An adverse event is defined as "an injury caused by medical management rather than by the underlying disease or condition of the patient." Some adverse events are not preventable and they reflect the risk associated with treatment, such as a life-threatening allergic reaction to a drug when the patient had no known allergies to it. But, research clearly shows that the majority of medical errors can be prevented.

In 2002, the National Quality forum (NQF) published Serious Reportable Events in Healthcare: A Consensus Report, which outlined a list of adverse events that were "serious, largely preventable and of concern to both the public and health care providers.” These events and subsequent revisions to the lists became known as "never events.”

Benefits Application

This medical policy relates only to the services or supplies described herein. Please refer to the Member's Benefit Booklet for availability of benefits. Member's benefits may vary according to benefit design; therefore member benefit language should be reviewed before applying the terms of this medical policy.

Hospital Acquired Conditions (HACs)

All participating providers must populate Present on Admission (POA) indicator on all acute care inpatient hospital claims for Never Events, as applicable. Participating acute care inpatient hospitals will not be permitted to receive or retain reimbursement for inpatient or outpatient services related to Never Events. Members will be held harmless for any services related to Never Events.

The 14 categories of Hospital Acquired Conditions listed below include the new HACs from the 2013 Final Rule (surgical site infection following cardiac implantable electronic device and iatrogenic pneumothorax with venous catheterization). For 2014 and 2015, there are no additional HACs added.

- Foreign object retained after surgery
- Air embolism
- Blood incompatibility
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- Stage III and IV pressure ulcers
- Falls and trauma
  - Fractures
  - Dislocations
  - Intracranial injuries
  - Burn
  - Other injuries
- Manifestations of poor glycemic control
  - Diabetic ketoacidosis
  - Nonketotic hyperosmolar coma
  - Hypoglycemic coma
  - Secondary diabetes with ketoacidosis
  - Secondary diabetes with hyperosmolarity
- Catheter-associated urinary tract infection (UTI)
- Vascular catheter-associated infection
- Surgical site infection, mediastinitis, following coronary artery bypass graft (CABG)
- Surgical site infection following bariatric surgery for obesity
  - Laparoscopic gastric bypass
  - Gastroenterostomy
  - Laparoscopic gastric restrictive surgery
- Surgical site infection following certain orthopedic procedures
  - Spine
  - Neck
  - Shoulder
  - Elbow
- Surgical site infection following cardiac implantable electronic device (CIED)
- Deep vein thrombosis (DVT)/Pulmonary embolism (PE) following certain orthopedic procedures
  - Total knee replacement
  - Hip replacement
- Iatrogenic pneumothorax with venous catheterization

The 3 wrong surgeries included in the list are:
- Wrong surgical procedure performed
- Surgery performed on a wrong patient
- Surgery performed on a wrong body part

Any professional provider associated with a wrong surgery Never Event (surgeon, anesthesiologist, radiologist, etc.) is not eligible for reimbursement. Reimbursement is also not provided for any services in the operating or procedure room where the wrong surgery error occurs. Members will be held harmless for any services related to wrong surgery Never Events.

Billing/Coding/Physician Documentation Information

This policy may apply to codes listed on the following CMS websites:


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Applicable service codes: in addition to the appropriate diagnosis codes, one of the following modifiers may also be required:

PA (surgery wrong body part)
PB (surgery wrong patient)
PC (wrong surgery on patient)

BCBSNC may request medical records for determination of medical necessity. When medical records are requested, letters of support and/or explanation are often useful, but are not sufficient documentation unless all specific information needed to make a medical necessity determination is included.

Scientific Background and Reference Sources

North Carolina General Statute §131E-95


Policy Implementation/Update Information

4/27/09 New policy issued. BCBSNC has developed a set of principles for use by hospitals in determining preventable adverse events for which full or partial nonpayment is appropriate. The hospital should evaluate each occurrence of an adverse event to determine whether these principles apply to that particular occurrence.

6/22/10 Policy Number(s) removed (amw)

10/12/10 The section that was titled “Principles for Nonpayment for Serious Adverse Events was deleted. The section titled, “Serious Reportable Events in Healthcare” was also deleted. Added section titled, “Hospital Acquired Conditions and Codes.” Reviewed by Senior Medical Director 9/2010. Notification given 10/12/2010 for effective date 1/18/2011. (adn)

6/12/12 Added “outpatient” to the statement in the Hospital Acquired Conditions section to read: Participating acute care inpatient hospitals will not be permitted to receive or retain reimbursement for inpatient or outpatient services related to Never Events. Also deleted “inpatient” from the statement that is revised to read: Members will be held harmless for any inpatient services related to Never Events. The following statement was added following the list of the 3 wrong surgeries: Any professional provider associated with a wrong surgery Never Event (surgeon, anesthesiologist, radiologist, etc.) is not eligible for reimbursement. Reimbursement is also not provided for any services in the operating or procedure room where the wrong surgery error occurs.
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Members will be held harmless for any services related to wrong surgery Never Events. (adn)

1/29/13 Updated list of hospital acquired conditions and codes per CMS IPPS Fiscal Year 2013 Final Rule. New categories added: surgical site infection following cardiac implantable electronic device and iatrogenic pneumothorax with venous catheterization. Pertinent ICD-9 codes were revised in the following categories: blood incompatibility and vascular catheter-associated infection. (adn)

2/11/14 Routine annual policy review. The section titled “Hospital Acquired Conditions and Codes” that contained a table of ICD-9-CM codes was removed from this policy. (adn)

4/15/14 Link to CMS code information added to Billing/Coding section. (adn)

5/13/14 Policy category changed from “Corporate Medical Policy” to “Corporate Reimbursement Policy”. No changes to policy content. (adn)

11/24/15 Routine review. The list of HACs was reformatted for consistency with the list published on the CMS website. The 2013 list is the most current. No additional HACs added for 2014 and 2015. There is no change to policy content or intent. (adn)

12/30/16 Routine review. No change to policy statement. (an)

Medical policy is not an authorization, certification, explanation of benefits or a contract. Benefits and eligibility are determined before medical guidelines and payment guidelines are applied. Benefits are determined by the group contract and subscriber certificate that is in effect at the time services are rendered. This document is solely provided for informational purposes only and is based on research of current medical literature and review of common medical practices in the treatment and diagnosis of disease. Medical practices and knowledge are constantly changing and BCBSNC reserves the right to review and revise its medical policies periodically.