



## FAQs on the 3-Day Payment Window for Services Provided to Outpatients Who Later Are Admitted as Inpatients

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### PROVIDER TYPES AFFECTED

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This MLN Matters® Special Edition Article is informational in nature. It's intended for all physicians and hospitals that provide Medicare-covered services in the Fee-For-Service (FFS) program.

### PROVIDER ACTION NEEDED

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This article further explains the billing procedures and provides additional resources to avoid incorrect billing for outpatient services within 3 days before date of admission and on the date of admission. This is in response to an Office of Inspector General (OIG) May 2020 report, [Medicare Made \\$11.7 Million in Overpayments for Nonphysician Outpatient Services Provided Shortly Before or During Inpatient Stays](#). Make sure that your billing staffs are aware of this information to avoid billing errors that may lead to overpayments.

### BACKGROUND

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In the Calendar Year (CY) 2012 Medicare Physician Fee Schedule (MPFS) final rule, we, CMS finalized the 3-day payment window for MPFS services, consistent with the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (PACMBPRA). We issued manual instructions in CR 7502 on December 21, 2011. Since the publication of these documents, we received several Frequently Asked Questions (FAQs) about the 3-day payment window. For your reference, answers to these FAQs as they relate to MPFS services are as follows.

#### What Is the 3-Day Payment Window?

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Medicare's 3-day (or 1-day) payment window applies to outpatient services that hospitals and hospital wholly owned or wholly operated Part B entities furnish to Medicare beneficiaries. The statute requires that hospitals bundle the technical component of all outpatient diagnostic services and related non-diagnostic services (for example, therapeutic) with the claim for an inpatient stay when services are furnished to a Medicare beneficiary in the 3 days (or, in the case of a hospital that is not a subsection (d) hospital, during the 1 day) preceding an inpatient admission in compliance with Section 1886 of the Social Security Act.

## How Does Section 102 of PACMBPRA Change the Way a Physicians' Practice, or Any Other Part B Entity That a Hospital Wholly Owns or Wholly Operates, Bills and Receives Payment for Medicare Services Subject to the 3-Day Window?

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Section 102 of PACMBPRA significantly broadened the definition of related non-diagnostic services that are subject to the payment window to include any non-diagnostic service that's clinically related to the reason for a patient's inpatient admission, regardless of whether the inpatient and outpatient diagnoses are the same. PACMBPRA made no changes to application of the 3-day (or 1-day) payment window policy to diagnostic services. Application of the payment window policy to diagnostic services hasn't changed since 1998.

## Which Services Does Medicare Consider "Diagnostic"?

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As discussed in the "Medicare Benefit Policy Manual", Chapter 6, Section 20.4.1, <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/bp102c06.pdf>, a service is "diagnostic" if it's an exam or procedure to which you subject the patient, or which you perform on materials derived from a hospital outpatient, to get information to aid in your assessment of a medical condition or to identify a disease.

Among these examinations and tests are diagnostic laboratory services such as hematology and chemistry, diagnostic x-rays, isotope studies, EKGs, pulmonary function studies, thyroid function tests, psychological tests, and other tests you give to determine the nature and severity of an ailment or injury.

## What Type of Hospital Inpatient Admissions Would Be Subject to a 1-Day Payment Window?

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The hospital and hospital units subject to the 1-day payment window policy (instead of the 3-day payment window) are:

- Psychiatric hospitals and units
- Inpatient rehabilitation hospitals and units
- Long-term care hospitals
- Children's hospitals
- Cancer hospitals

A wholly owned or wholly operated physician practice (or other Part B entity) of the aforementioned hospitals would also be subject to a 1-day payment window when they furnish diagnostic services and related non-diagnostic services within 1 calendar day preceding an inpatient admission.

## **Are Critical Access Hospitals (CAHs) Subject to the Payment Window?**

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If the admitting hospital is a CAH, the payment window policy doesn't apply. However, if the admitting hospital is a short stay acute hospital paid under the inpatient prospective payment system (IPPS) and the wholly owned or wholly operated outpatient entity is a CAH, the outpatient CAH services are subject to the payment window.

The CAH services are also subject to the payment window if the admitting hospital is a psychiatric hospital, inpatient rehabilitation hospital, long-term care hospital, children's hospital, or cancer hospital.

## **Does the 3-Day Window (or 1-Day Window) Include the 72 Hours (or 24 Hours) Directly Preceding the Inpatient Hospital Admission?**

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The 3-day payment window applies to services you provide on the date of admission and the 3 calendar days preceding the date of admission that will include the 72-hour time period that immediately precedes the time of admission but may be longer than 72 hours because it's a calendar day policy.

The 1-day payment window applies to the date of admission and the entire calendar day preceding the date of admission and will include the 24-hour period that immediately preceded the time of admission but may be longer than 24 hours.

## **What Type of Information About Medicare's 3-Day (or 1-Day) Payment Window Did CMS Publish in CR7502?**

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[CR7502](#) provides policy, billing, and claims processing instructions about Medicare's 3-day (or 1-day) payment window policy as it pertains to services furnished by hospital wholly owned or wholly operated physician practices or other Part B entities. These instructions include general background information on the payment window, implementation of the payment window policy in wholly owned or wholly operated entities, the definition of wholly owned and wholly operated entities, and how the payment window affects payment to wholly owned and wholly operated entities.

CR7502 also includes instructions about how you should identify services subject to the 3-day (or 1-day) payment window, how the payment window policy affects payment and billing for surgical services with a global period, and business requirements for Medicare Administrative Contractors (MACs).

Although CR7502 includes a comprehensive and detailed explanation of the 3-day (or 1-day) payment window policy, much of the information (such as definition of a wholly owned or wholly operated hospital and application of the policy to diagnostic services) hasn't changed since 1998 and has been long-standing Medicare payment policy.

## Does CR7502 Provide Any Specific Billing Instructions for Hospitals?

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No, CR7502 only provides billing instructions for the wholly owned or wholly operated physician practice or other Part B entity that furnish services subject to the 3-day (or 1-day) payment window. We published hospital instructions for the implementation of this provision in [CR7142](#), “Clarification of Payment Window for Outpatient Services treated as Inpatient Services.”

## How Do I Know If My Physician Practice, Or Other Part B Entity, Meets the Statutory Requirements of Hospital Wholly Owned or Wholly Operated?

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We define wholly owned or wholly operated entities in 42 CFR 412.2. “An entity is wholly owned by the hospital if the hospital is the **sole owner** of the entity,” and “an entity is wholly operated by a hospital if the hospital has **exclusive** responsibility for conducting and overseeing the entity’s routine operations, regardless of whether the hospital also has policymaking authority over the entity.” [Emphasis added] The hospital and associated physician practice or other Part B entity must determine whether the entity is wholly owned or wholly operated.

## When Would the 3-Day (or 1-Day) Payment Window Not Apply?

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The 3-day (or 1-day) payment window doesn’t apply in the circumstances described below:

- If the hospital and the physician office or other Part B entity are both owned by a third party, such as a health system; and
- If the hospital isn’t the sole or 100 percent owner of the entity, for example, if the hospital has a financial or administrative partner, or if physicians or other practitioners have an ownership interest in the hospital, physician practice or Part B entity. We provide several examples of arrangements where an entity is not wholly owned or wholly operated by the hospital. (See the February 11, 1998, Federal Register, pages 6866-6867 and the CY 2012 MPFS final rule, published November 28, 2011, pages 73285-73286.)

## Will CMS Make a Determination as to Whether a Specific Entity Meets the Definition of Wholly Owned or Wholly Operated?

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Given the multitude of possible business and financial arrangements that may exist between a hospital and a physician practice or other Part B entity, CMS won’t make individual determinations as to whether a specific physician practice or other Part B entity is wholly owned or wholly operated by an admitting hospital.

In general, if a hospital has direct ownership or control over another entity’s operations, then services that other entity provides are subject to the payment window policy. However, if a third organization owns or operates both the hospital and the entity, then the payment window provision doesn’t apply. While we can’t anticipate every arrangement scenario or make case by case decisions based upon hypothetical scenarios, we’ve provided several illustrative examples of how we apply this general policy in the CY 2012 MPFS final rule, published on November 28, 2011. The final rule, 76 FR 73285 -73286, is available at <http://www.gpo.gov/fdsys/pkg/FR-2011-11-28/pdf/2011-28597.pdf>.

## **Who Makes the Determination as to Whether a Specific Entity Meets (or Doesn't Meet) the Definition of Wholly Owned or Wholly Operated?**

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The hospital and its owned or operated physician practice (or other Part B entity) are collectively responsible for determining whether the owned or operated physician practice or other Part B entity meets the definition of hospital wholly owned or hospital wholly operated subject to the payment window policy.

## **If a Hospital Has Recently Purchased My Physician Practice, Should I Update My Ownership Status with Medicare?**

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Yes, you must notify Medicare of any change of ownership within 30 days of the change. You may notify us by submitting an 855B Medicare Enrollment Application to your MAC, or you can complete this information on-line in the Provider Enrollment Chain and Ownership System.

## **What If the Determination of Wholly Owned or Wholly Operated of a Specific Arrangement is Still Unclear (After Review by My Legal Counsel)?**

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We believe that ownership and operational issues are inherently fact-specific and hospitals and hospital owned and operated entities will best know and understand their individual circumstances and whether the physician practice is subject to the payment window policy. If you determine that you aren't wholly owned or wholly operated and not subject to the payment window policy, we recommend that you maintain documentation to support that determination.

## **How Will a Wholly Owned or Wholly Operated Entity Know When a Beneficiary Has Been Admitted as a Hospital Inpatient?**

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The admitting hospital is responsible for notifying the entity of an inpatient admission of a Medicare beneficiary who received services in a wholly owned or wholly operated entity within the 3-day (or 1-day) payment window prior to the inpatient admission.

## **Do the ICD-10 Diagnosis Codes for the Inpatient Admission and Outpatient Non-Diagnostic Service Need to be an Exact Match to be Considered Related?**

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No. That is the exact policy that PACMBPRA changed. Before the enactment of PACMBPRA, related non-diagnostic services were those services where there was an exact match on the International Classification of Diseases, 10<sup>th</sup> Revision (ICD-10) diagnosis code between pre-hospitalization services and the inpatient admission. The only change that PACMBPRA made was to expand the definition of "related to" services to "all services that are not diagnostic services unless the hospital demonstrates...that such services are not related...to such admission."

The 3-day payment policy now applies to all non-diagnostic services provided during the payment window unless the hospital attests that the services are clinically unrelated.

Diagnostic services always are subject to the payment window, regardless of whether they're considered clinically related.

### **Will CMS Furnish a List of Non-Diagnostic Service Codes That They Will Consider "Related to" an Inpatient Admission?**

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No, we won't develop a definitive list of services that are clinically related to an inpatient admission. As discussed in the CY 2012 MPFS final rule, we believe that the determination of whether an outpatient service is clinically related requires knowledge of the specific clinical circumstances surrounding a patient's inpatient admission and can only be determined on a case by case basis (76 FR 73282).

### **Who is Responsible for Making the Determination as to Whether a Non-Diagnostic Service is (or Isn't) Related to the Beneficiary's Inpatient Admission?**

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The hospital that owns the wholly owned or wholly operated physician practice (or other Part B entity) and submits the claim to Medicare for the inpatient admission determines that an outpatient service is clinically related to an inpatient admission when it submits an inpatient claim. Once the hospital makes this determination, the Part B claim for physician fee schedule services must be submitted consistent with the decision the hospital made.

### **How Does the 3-Day Payment Window Affect Wholly Owned or Wholly Operated Physician Practices (or Other Part B Entities)?**

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The technical component for **all** diagnostic services and those direct expenses that otherwise would be paid through non-facility practice expense relative value units for non-diagnostic services **related** to the inpatient admission, that a wholly owned or wholly operated entity provides within the payment window, are considered hospital costs and must be included on the hospital's bill for the inpatient stay.

Medicare will pay the wholly owned or wholly operated entity through the MPFS for the Professional Component (PC) for service codes with a Technical/Professional Component (TC/PC) split that are provided within the payment window, and at the facility rate (that's, exclusive of those direct practice expenses that are included in the hospital's charges) for service codes without a TC/PC split.

### **How Will a Wholly Owned or Wholly Operated Physician Practice or Other Part B Entity Identify Services Subject to the 3-Day (or 1-Day) Payment Window on Their Claims?**

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Physician practices or other Part B entities should use Modifier PD (Diagnostic or related non-diagnostic item or service provided in a wholly owned or operated entity to a patient who is admitted as an inpatient within 3 days or 1 day) to identify HCPCS codes for services subject to the payment window.

## When is the Effective Date for Modifier PD?

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Wholly owned or wholly operated entities have the discretion to apply the modifier PD for claims with dates of service on and after January 1, 2012, but **must** have begun using the modifier PD for eligible services in the 3-day (or 1-day) payment window no later than July 1, 2012. Additionally, hospitals and physician practices (or other part B entities) must have coordinated billing procedures for services subject to the 3-day (or 1-day) payment window in place no later than July 1, 2012.

## What If the Hospital Determines That Non-Diagnostic Outpatient Service(s) Furnished Within the Payment Window Aren't Related to the Inpatient Admission?

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Non-diagnostic preadmission services furnished within the payment window that the hospital determines **aren't** clinically related to an inpatient admission **aren't** subject to the 3-day (or 1-day) payment window policy. As such, don't append the modifier PD to the unrelated non-diagnostic service(s).

## Should I Use Condition Code 51 to Identify Unrelated Non-Diagnostic Services Furnished in a Wholly Owned or Wholly Operated Physician Practice (or Other Part B Entity)?

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No. Only hospitals should use condition code 51 when they bill separately for unrelated outpatient non-diagnostic service claims. You shouldn't append the modifier PD to an unrelated non-diagnostic service furnished in a wholly owned or wholly operated physician practice (or other Part B entity).

The absence of the modifier PD would serve as the attestation that the hospital that wholly owns or wholly operates the physician practice believes that the non-diagnostic service was unrelated to the hospital admission.

## Does CMS Consider All Non-Diagnostic Services Furnished on the Date of Admission to be Related to the Inpatient Admission?

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Yes, non-diagnostic services a wholly owned or wholly operated physician practice (or other Part B entity) furnishes on the date of a beneficiary's inpatient admission to the hospital are **always** deemed to be related to the admission. The admitting hospital's wholly owned or wholly operated physician practice (or other Part B entity) should use modifier PD to identify non-diagnostic services they furnished on the date of a beneficiary's admission.

## What if a Diagnostic Service is Unrelated to the Inpatient Hospital Admission?

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The TC of all diagnostic services furnished by a wholly owned or wholly operated entity to a Medicare beneficiary who is admitted as an inpatient within 3 calendar days are subject to the 3-day payment window policy (or 1 day if applicable).

## **How Should a Wholly Owned or Wholly Operated Physician Practice Bill for Diagnostic Services Subject to the Payment Window?**

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The wholly owned or wholly operated physician practice (or other Part B entity) should only bill for the Professional Component of a diagnostic service subject to the 3-day (or 1-day) payment window. They must append modifier -26 and modifier PD to the diagnostic HCPCS code for the service. Please note that this policy has been longstanding and has not changed since 1998.

## **Should the Wholly Owned or Wholly Operated Physician Practice Bill for the Technical Component of a Diagnostic Service?**

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No, the wholly owned or wholly operated physician practice (or other Part B entity) **shouldn't** bill for the TC of a diagnostic service subject to the payment window. The modifier PD doesn't apply to the TC of a diagnostic service. The TC of a diagnostic service (for example, taking the x-ray) subject to the payment window is considered part of the admitting hospital's costs and therefore, included on the bill for the inpatient stay.

## **Should an Ambulatory Surgical Center (ASC) Use the Modifier PD?**

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Yes, a wholly owned or wholly operated ASC would use the modifier PD to identify outpatient physician or practitioner services subject to the 3-day (or 1-day) payment window.

## **If a Wholly Owned or Wholly Operated Physician Practice Furnishes a Related Outpatient Evaluation and Management (E/M) Visit Within the Payment Window, Does the Admitting Hospital Include Any Costs Associated with the Outpatient Visit with the Outpatient Bill?**

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The wholly owned or wholly operated physician practice would bill the related outpatient E/M visit with modifier PD and the Medicare claims processing contractor would pay the physician practice at the facility rate. Medicare would pay the hospital for the direct practice expense associated with the related outpatient E/M visit through payment for the inpatient admission. Direct practice costs (clinical staff, equipment and supplies) for non-diagnostic services related to the inpatient admission the wholly owned or wholly operated entity provides within the payment window are considered hospital costs and must be included on the hospital's bill for the inpatient stay and on the hospital's cost report.

## **Should I Use the Modifier PD to Identify Outpatient Physician Practitioner Services, Subject to the Payment Window, That Are Performed in the Hospital?**

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No, don't use modifier PD for outpatient services subject to the 3-day (or 1-day) payment window that are furnished in the hospital.

For example, don't append the modifier PD to physician and practitioner professional services



furnished in the hospital outpatient department (including the emergency department), patients receiving observation services, or other outpatient services furnished in a provider-based department of the hospital.

Use modifier PD only for diagnostic and related non-diagnostic outpatient services paid under the MPFS that are furnished in a wholly owned or wholly operated physician practice (or other Part B entity) of the hospital.

Don't append modifier PD to a claim where the payment window policy applies but the service was provided in a hospital. In other words, use the modifier PD to identify related outpatient services subject to the payment window furnished in the physician's office and not by the physician at the hospital.

Hospitals follow different billing instructions from a wholly owned or wholly operated physician practice (or other Part B entity) for billing outpatient services subject to the 3-day payment window furnished in an outpatient department of the hospital. (Refer to the "Medicare Claims Processing Manual", Chapter 4, Section 10.12 at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c04.pdf> for billing instructions for hospitals furnishing outpatient services subject to the payment window policy.)

### **Must I Append Modifier PD to Services I Provide to an Inpatient?**

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No, use the modifier PD only for **outpatient** services you provide in the window prior to an inpatient admission subject to the payment window and that you furnish in a wholly owned or wholly operated physician practice or other Part B entity. Don't apply modifier PD to physician fee schedule claims for services provided after the patient has been admitted as an inpatient to the hospital.

### **Are Rural Health Clinics (RHCs) or Federally Qualified Health Centers (FQHCs) Subject to the 3-Day (or 1-Day) Payment Window Policy?**

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No, the 3-day (or 1-day) payment window policy **doesn't** apply to RHCs or FQHCs. Medicare pays for RHC and FQHC services through an all-inclusive rate that incorporates payment for all covered items and services and related services and supplies an RHC or FQHC physician or practitioner provides to a beneficiary on a single day.

It's not possible to distinguish within the all-inclusive rate the amount of the payment for any particular patient that represents the professional versus the technical portion. Given that the 3-day payment window policy doesn't include professional services, and that RHCs and FQHCs are paid an all-inclusive rate that includes payment for professional services, RHCs and FQHCs currently **aren't** subject to the 3-day payment window policy.

### **Do I Append Modifier PD to "Incident To" Services?**

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Yes, if an admitted inpatient got services at a wholly owned or wholly operated entity prior to his or her admission and some of the services were furnished incident to a physician's or other

practitioner's services, you would bill for those services according to the 3-day (or 1-day) payment window policy.

### **How Does the Presence of the Modifier PD Affect Medicare Payment for Non-Diagnostic Services?**

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For services without a technical and professional component split, modifier PD triggers the claim system to pay the facility rate without a TC/PC split (for example, outpatient physician's visit). In other words, the presence of modifier PD on professional non-diagnostic service codes instructs the MACs to pay the "facility" payment amount in circumstances where, in the absence of the 3-day (or 1-day) payment window policy, the non-facility payment amount may have otherwise applied.

The lower facility physician fee schedule payment shows that the direct expenses associated with providing the service are now hospital costs and included on the hospital's inpatient bill rather than being paid to the physician.

### **Should I Append the Modifier PD to Global Surgical Services Furnished Within the Payment Window?**

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Yes, a patient could have a surgical service furnished in a wholly owned or wholly operated physician office or other Part B entity within the payment window and, due to complications, be admitted as an inpatient within the payment window. In such cases, the physician practice would bill modifier PD with the specific surgical service code performed (for example, a diagnostic colonoscopy).

### **Would There Be Circumstances in Which the Pre- and Post-Operative Services Included with the Global Surgical Package Are Also Subject to the 3-Day Payment Window Policy?**

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As indicated in the Medicare Claims Processing Manual, Chapter 12, Section 90.7.1, <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c12.pdf>, related surgical procedures a wholly owned or wholly operated physician practice (or other Part B entity) furnishes within the 3-day payment window are subject to the 3-day payment window policy. A surgical service with a global period payment would be subject to the 3-day payment window policy, when the wholly owned or wholly operated physician practice (or other Part B entity) furnishes the surgical service **and** the date of the actual outpatient surgical procedure falls within the 3-day payment window.

### **When Would the Actual Outpatient Surgery and the Pre- and Post-Operative Services Furnished During the Global Surgery Time Frame Not Be Subject to the Payment Window Policy?**

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If the initial surgical procedure that started the global period is furnished outside the payment

window, the 3-day (or when applicable 1-day) payment window makes no change in billing a surgical service with a global period, even if some of the post-operative visits that are included in the surgical package occur in the 3-day payment window.

### **Should a Wholly Owned or Wholly Operated Physician Practice Bill for Both the Inpatient Surgical Procedure and Initial Related Surgical Procedure Performed in the Wholly Owned or Wholly Operated Physician Office That Started the Global Period Under the 3-Day Payment Window Policy?**

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The 3-day payment window policy **doesn't** apply to inpatient services. The physician performing the inpatient surgical procedure would bill for the inpatient surgery service code according to normal Medicare rules (for example, no modifier PD). The wholly owned or wholly operated physician practice would bill for the preceding outpatient surgical procedure with the modifier PD if the surgeon was part of the wholly owned or wholly operated physician practice.

### **What Part B Services Aren't Subject to the 3-Day (or 1-Day) Payment Window?**

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We've excluded outpatient maintenance dialysis services and ambulance services from the pre-admission services that are subject to the payment window.

### **Should I Apply the Modifier PD to Outpatient Services Related to the Inpatient Admission When There's No Part A Coverage for the Inpatient Stay?**

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No, don't apply the modifier PD to related outpatient services when there's no Part A coverage for the inpatient stay. In the event that there's no Part A coverage for the inpatient stay, there's no inpatient service into which outpatient services must be bundled. Therefore, preadmission outpatient diagnostic and related nondiagnostic services furnished within the payment window would not be subject to the 3-day (or 1-day) payment window policy.

### **Should the Wholly Owned or Wholly Operated Physician Practice (or Other Part B Entity) Modify Its Actual Charge for a Related Non-Diagnostic Service to Accommodate a Facility Payment (Instead of a Non-facility Payment)?**

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The wholly-owned physician practice should include its actual charge when submitting Part B claims for outpatient services subject to the 3-day (or 1-day) payment window. Medicare doesn't require that the wholly owned physician practice modify its charge structure to accommodate a facility payment (instead of a non-facility payment), although the physician practice may choose to do so.

### **When Did the 3-Day (or 1-Day) Payment Window Policy Become Effective?**

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On February 11, 1998, beginning on page 6864 of the Federal Register, CMS published a final rule indicating that the payment window applies to diagnostic and related non-diagnostic outpatient services that are otherwise billable under Part B and doesn't apply to nonhospital

services that are generally covered under Part A (such as home health, skilled nursing facility, and hospice). Also, the rule defined an entity as hospital wholly owned or hospital wholly operated if a hospital is the sole owner of the entity or has the exclusive responsibility for conducting and overseeing the entity's routine operations, regardless of whether the hospital also has policymaking authority over the entity. The 1998 final rule also defined non-diagnostic services as being related to the admission only when there's an exact match between the ICD-10-CM diagnosis code assigned for both the preadmission services and the inpatient stay. The 3-day payment window policy became effective March 13, 1998.

In the Fiscal Year (FY) 2011 IPPS final rule, published August 16, 2010, beginning on page 50346 of the Federal Register, CMS discussed changes to the payment window policy (as required by Section 102 of the PACMBPRA). Effective June 25, 2010, the payment window policy applies to non-diagnostic outpatient services clinically related to the inpatient admission furnished to a Medicare beneficiary by a hospital (or an entity wholly owned or wholly operated by the admitting hospital). The payment window policy for diagnostic services remained unchanged. CMS implemented the changes to the definition of "related to" the inpatient admission on April 4, 2011, via [CR7142](#), Transmittal 796, published October 29, 2010.

Moreover, in the CY 2012 MPFS final rule, published November 28, 2011, beginning on page 73279 of the Federal Register, CMS finalized the payment window policy as required by the PACMBPRA, as it relates to wholly owned or wholly operated physician practices. The implementing manual instructions became effective January 1, 2012, with a compliance date of July 1, 2012.

## For More Information

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For more information on Medicare's 3-day payment window policy please review:

- [Change Request 7502](#), Transmittal 2373, published December 21, 2011, entitled "Bundling of Payments for Services Provided to Outpatients Who Later Are Admitted as Inpatients: 3-Day Payment Window Policy and the Impact on Wholly Owned or Wholly Operated Physician Practices"
- [Medicare Claims Processing Manual, Publication 100-04, Chapter 12](#), Sections 90.7 and 90.7.1
- [CY 2012 MPFS final rule](#), published November 28, 2011 (76 FR 73279-73286)
- [FAQs for CR7502](#)
- [Physician Fee Schedule Page](#) and
- [Hospital Prospective Payment System Page](#)

## ADDITIONAL INFORMATION

You may want to review the following documents:

- The fast facts at <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Fast-Facts>
- OIG Report #A-01-17-00508 ([Medicare Made \\$11.7 Million in Overpayments for Nonphysician Outpatient Services Provided Shortly Before or During Inpatient Stays](#))
- MLN Article [SE17033](#) (Medicare Does Not Pay Acute-Care Hospitals for Outpatient Services They Provide to Beneficiaries in a Covered Part A Inpatient Stay at Other Facilities)

For more information, [find your MAC's website](#).

## DOCUMENT HISTORY

Date of Change	Description
December 3, 2020	Initial article released.

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