



Effective 4/21/2025

Lines Of Business All Lines of Business

Diagnosis Related Groups (DRG) Validation

DISCLAIMER

This policy does not govern whether a specific procedure is covered under any specific member plan or policy, nor is it intended to address every claim situation. The determination that any service, procedure, item, etc., is covered under a member's benefit plan shall not be construed as a determination that a provider will be reimbursed for services provided. Individual claims may be affected by other factors, including but not necessarily limited to state and federal laws and regulations, legislative mandates, provider contract terms, and THP's professional judgment. Reimbursement for any services shall be subject to member benefits and eligibility on the date of service, medical necessity, adherence to plan policies and procedures, claims editing logic, provider contractual agreement, and applicable referral, authorization, notification, and utilization management guidelines. Unless otherwise noted within the policy, THP's policies apply to both participating and non-participating providers and facilities. THP reserves the right to review and revise these policies periodically as it deems necessary in its discretion, and it is subject to change or termination at any time by THP. THP has full and final discretionary authority for its interpretation and application. Accordingly, THP may use reasonable discretion in interpreting and applying this policy to health care services provided in any case. No part of this policy may be reproduced, stored in a retrieval system or transmitted, in any shape or form or by any means, whether electronic, mechanical, photocopying or otherwise, without express written permission from THP. When printed, this version becomes uncontrolled. For the most current information, refer to the following website: healthplan.org.

DEFINITIONS, ACRONYMS, TERMS

Diagnosis Related	A case-mix complexity system implemented to categorize patients with
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Groups (DRG)	similar clinical diagnoses to better control hospital costs and determine payor reimbursement rates.
Institutional Claim	Claim submitted on a UB-04 (paper) or 837i (electronic)
Facility	Billing provider facility

BACKGROUND

The Health Plan (THP) partners with Optum (United Health Group/Change Healthcare) to conduct payment integrity audits on its institutional claims billed with a valid Diagnosis Related Groups (DRG).

POLICY:

The Health Plan (THP) will submit to Optum a monthly file of paid institutional claims with a valid Diagnosis Related Groups (DRG) to conduct and administer a post payment audit.

Optum will review the Extract Claim File and select Claims for Audit Review. Optum will select a random sample of applicable claims and notifies provider facilities that the claim was selected for an audit on behalf of THP and request medical records or other supporting documentation i.e., UB-04 form(s), as appropriate. Optum will send the notification letter to the billing provider address billed on the claim.

Optum will review the claim and applicable supporting documentation to determine if a different DRG is more appropriate than the DRG billed on the claim.

Within thirty (30) days of receipt of claims file from THP or applicable supporting documentation from provider facility, Optum will USPS mail a determination letter to the facility with one of the following outcomes:

1. Overpayment has been identified as a different DRG is more appropriate
 - Facility must submit a replacement claim to THP within timely filing limits with the appropriate DRG and supporting diagnosis codes
2. No overpayment was identified and no further action required by provider facility unless requested by Optum or THP

Facility has the right to appeal Optum's findings within thirty (30) days from Optum determination letter date by mailing or faxing appeal and supporting documentation to the Optum contact information on determination letter.

Facility may appeal a single determination up to three (3) times.

If the facility appeals and the decision was overturned, Optum will notify THP and the facility, and THP will reprocess the claim to pay its original paid amount.