Health Insurance Prospective Payment System (HIPPS) Code

Each skilled nursing facility claim contains a five-position HIPPS code for the purpose of billing Medicare Part A-covered days to the Medicare Administrative Contractor. The HIPPS code consists of a series of codes representing the resident's Patient Driven Payment Model (PDPM) classification and the Assessment Indicator (AI) as described below. The Centers for Medicare & Medicaid Services (CMS) provides standard software and logic for HIPPS code calculation.

PDPM Classification

The first four positions of the HIPPS code contain the PDPM classification codes for each PDPM component to be billed for Medicare reimbursement. CMS provides standard software, development tools, and logic for PDPM calculation. CMS software, or private software developed with CMS data specifications, is used to encode and transmit the Minimum Data Set assessment data and automatically calculates the resident's PDPM classification.

The PDPM HIPPS code is recorded on the Minimum Data Set 3.0 in item Z0100A (Medicare Part A HIPPS code). The HIPPS code included on the skilled nursing facility claim depends on the specific type of assessment involved (see AI Code below).

The HIPPS code in item Z0100A is validated by CMS when the assessment is submitted. If the submitted code is incorrect, the validation report will include a warning giving the correct code; the facility must enter this correct code in the HIPPS code item on the bill.

Additional information regarding PDPM classification and HIPPS codes can be found in Chapter 6 of the Resident Assessment Instrument Manual.

The tables below provide the information that will assist you in determining the HIPPS code for the resident in our case study, Mrs. S.

Table 1. First Character: Physical Therapy/Occupational Therapy Component

Clinical Category	Section GG Function Score	Physical Therapy/Occupational Therapy Case-Mix Group	HIPPS Character
Major Joint Replacement or Spinal Surgery	0–5	TA	A
Major Joint Replacement or Spinal Surgery	6–9	TB	B
Major Joint Replacement or Spinal Surgery	10–23	TC	C
Major Joint Replacement or Spinal Surgery	24	TD	D
Other Orthopedic	0–5	TE	E
Other Orthopedic	6–9	TF	F
Other Orthopedic	10–23	TG	G
Other Orthopedic	24	TH	H
Medical Management	0–5	TI	I
Medical Management	6–9	TJ	J
Medical Management	10–23	TK	K
Medical Management	24	TL	L
Non-Orthopedic Surgery and Acute Neurologic	0–5	TM	M
Non-Orthopedic Surgery and Acute Neurologic	6–9	TN	N
Non-Orthopedic Surgery and Acute Neurologic	10–23	TO	O
Non-Orthopedic Surgery and Acute Neurologic	24	TP	P

Table 2. Second Character: Speech-Language Pathology (SLP) Component

Presence of Acute Neurologic Condition, SLP-Related Comorbidity, or Cognitive Impairment	Mechanically Altered Diet or Swallowing Disorder	SLP Case-Mix Group	HIPPS Character
None	Neither	SA	A
None	Either	SB	B
None	Both	SC	C
Any one	Neither	SD	D
Any one	Either	SE	E
Any one	Both	SF	F
Any two	Neither	SG	G
Any two	Either	SH	H
Any two	Both	SI	I
All three	Neither	SJ	J
All three	Either	SK	K
All three	Both	SL	L

Table 3. Third Character: Nursing Component*

Resource Utilization Group (RUG)-IV Nursing RUG	Extensive Services	Clinical Conditions	Depression	# of Restorative Nursing Services	GG-based Function Score	PDPM Nursing Case-Mix Group	HIPPS Character
LC1/LB1	-	Serious medical conditions e.g., radiation therapy or dialysis	No	-	6–14	LBC1	K
CE2/CD2	-	Conditions requiring complex medical care e.g., pneumonia, surgical wounds, burns	Yes	-	0–5	CDE2	L
CE1/CD1	-	Conditions requiring complex medical care e.g., pneumonia, surgical wounds, burns	No	-	0–5	CDE1	M

*Abbreviated table

Table 4. Fourth Character: NTA Component

NTA Score Range	NTA Case-Mix Group	HIPPS Character
12+	NA	A
9–11	NB	B
6–8	NC	C
3–5	ND	D
1–2	NE	E
0	NF	F

AI Code

The last position of the HIPPS code represents the AI, identifying the assessment type. The AI coding system indicates the different types of assessments that define different Prospective Payment System (PPS) payment periods and is based on the coding of item A0310B.

CMS provides standard software, development tools, and logic for AI code calculation. CMS software, or private software developed with the CMS tools, automatically calculates the AI code. The AI code is validated by CMS when the assessment is submitted. If the submitted AI code is incorrect on the assessment, the validation report will include a warning and provide the correct code. The facility must enter this correct AI code in the HIPPS code item on the bill. The code consists of one digit, which is defined below.

The AI code identifies the assessment used to establish the per diem payment rate for the standard PPS payment periods. These assessments are the 5-Day assessment and Interim Payment Assessment. Table 5 displays the AI code for each of the PPS assessment types and the standard payment period for each assessment type.

Table 5. Assessment Indicator Table

AI Code	Assessment Type (abbreviation)	Standard Payment Period
0	Interim Payment Assessment	See Chapter 2, Section 2.9
1	5-Day	Entire Part A Stay