

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services



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MLN Matters® Number: MM7901

Related Change Request (CR) #: CR 7901

Related CR Release Date: August 10, 2012

Effective Date: October 1, 2012

Related CR Transmittal #: R2518CP

Implementation Date: October 1, 2012

Inpatient Rehabilitation Facility (IRF) Annual Update: Prospective Payment System (PPS) Pricer Changes for Fiscal Year (FY) 2013

Provider Types Affected

This MLN Matters® Article is intended for Inpatient Rehabilitation Facility (IRF) providers submitting claims to Medicare contractors (Fiscal Intermediaries (FIs) and A/B Medicare Administrative Contractors (MACs)) for services to Medicare beneficiaries.

Provider Action Needed

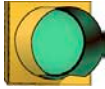


STOP – Impact to You

This article is based on Change Request (CR) 7901 which informs Medicare contractors about the release of new IRF PPS PRICER software and the changes that software implements that will modify payment rates for IRF PPS claims.

Disclaimer

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GO – What You Need to Do

Make sure that your billing staffs are aware of these changes. See the Background and Additional Information Sections of this article for further details regarding these changes.

Background

On August 7, 2001, the Centers for Medicare & Medicaid Services (CMS) published in the "Federal Register," a final rule that established the PPS for IRFs, as authorized under Section 1886(j) of the Social Security Act (the Act). In that final rule, CMS set forth per discharge Federal rates for Federal Fiscal Year (FY) 2002. These IRF PPS payment rates became effective for cost reporting periods beginning on or after January 1, 2002. Annual updates to the IRF PPS rates are required by Section 1886(j)(3)(C) of the Act.

Policy

The FY 2013 IRF PPS Notice issued on July 30, 2012, sets forth the prospective payment rates applicable for IRFs for FY 2013. A new IRF PRICER software package will be released prior to October 1, 2012, that will contain the updated rates that are effective for claims with discharges that fall within October 1, 2012, through September 30, 2013. The new revised IRF Pricer program shall be installed timely to ensure accurate payments for IRF PPS claims with discharges occurring on or after October 1, 2012 and on or before September 30, 2013.

Key Points of CR7901

For IRF PPS FY 2013 (October 1, 2012 – September 30, 2013)

- The standard Federal rate is \$14,343.
- The fixed loss amount is \$10,466.
- The labor-related share is 0.69981.
- The non-labor related share is 0.30019.
- Urban national average Cost-to-Charge (CCR) is 0.514.
- Rural national average CCR is 0.659.
- The Low Income Patient (LIP) Adjustment is 0.4613.
- The Teaching Adjustment is 0.6876.
- The Rural Adjustment is 1.184.

Note: It is very important that IRFs report the correct Patient Assessment Instrument (PAI) transmission date on their claims, as discussed in Chapter 3, Section 140.3.4 of the "Medicare Claims Processing Manual" at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c03.pdf> on the CMS website.

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Additional Information

The official instruction, CR7901, issued to your FI and A/B MAC, regarding this change may be viewed at <http://www.cms.hhs.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R2518CP.pdf> on the CMS website.

If you have any questions, please contact your carrier, FI or A/B MAC at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

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