



**News Flash** – The revised fact sheet titled “Inpatient Psychiatric Facility Prospective Payment System” (May 2010), which provides Inpatient Psychiatric Facility Prospective Payment System (IPF PPS) general information, explains how IPF PPS payment rates are set, and provides the Rate Year 2011 update to the IPF PPS, is now available in downloadable format from the Centers for Medicare & Medicaid Services Medicare Learning Network® at <http://www.cms.gov/MLNProducts/downloads/InpatientPsychFac.pdf> on the CMS website. This product is also available in print format from the Centers for Medicare & Medicaid Services Medicare Learning Network. To place your order, visit <http://www.cms.gov/MLNGenInfo>, scroll down to “Related Links Inside CMS” and select “MLN Product Ordering Page.”

MLN Matters® Number: MM7044 Revised

Related Change Request (CR) #: 7044

Related CR Release Date: October 29, 2010

Effective Date: January 1, 2011

Related CR Transmittal #: R2083CP

Implementation Date: January 3, 2011

## Implementation of the Interrupted Stay Policy under the Inpatient Psychiatric Facility Prospective Payment System (IPF PPS)

**Note:** This article was revised on November 2, 2010, to reflect a revised CR 7044, which was issued on October 29, 2010. The CR release date, transmittal number and the Web address for accessing the CR were changed. In addition, the Remittance Advice Remark Code bullet point on page 2 was revised. All other information remains the same.

### Provider Types Affected

This article is for Inpatient Psychiatric Facilities (IPFs) submitting claims to Medicare Fiscal Intermediaries (FIs) or Part A/B Medicare Administrative Contractors (A/B MACs) for services provided to Medicare beneficiaries.

### What You Need to Know

The Centers for Medicare & Medicaid Services (CMS) issued Change Request (CR) 7044 in response to the findings of the report issued by the Office of Inspector General (OIG) entitled: *Nationwide Review of Medicare Payments for Interrupted Stays at Inpatient Psychiatric Facilities for Calendar Years 2006 and*

#### Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

2007, (A-01-09-00508). Based on findings in this report, CMS is implementing the interrupted stay policy where the patient is admitted to another IPF before midnight on the third consecutive day following discharge from the original IPF stay.

## Background

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Section 124 of the Medicare, Medicaid, and SCHIP (State Children's Health Insurance Program) Balanced Budget Refinement Act of 1999 (BBRA) (Pub. L.106-113) mandated that the Secretary develop a per diem PPS for inpatient hospital services furnished in psychiatric hospitals and psychiatric units. The IPF PPS was implemented in January 2005. One aspect of the IPF PPS included an interrupted stay policy.

## Key Points of CR 7044

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- An interrupted stay is a case in which a patient is discharged from an IPF and is readmitted to the same or another IPF before midnight on the third consecutive day following discharge from the original IPF stay.
- Interrupted stays are considered to be continuous for the purposes of applying the variable per diem adjustment regardless if the interrupted stay is to the same IPF or not.
- Interrupted stays are considered to be continuous in determining outlier payments only when the interrupted stay is to the same IPF.
- In other words, an interrupted stay is treated as one stay and one discharge for the purpose of the IPF PPS payment.
- Medicare system edits will be put in place to identify claims that qualify as interrupted stays by examining incoming claims and comparing them to other IPF claims in Medicare's claims history files.
- When Medicare detects a claim that shows an interrupted stay, the Medicare contractor will adjust the appropriate claim(s) (including claims in history, if necessary) in date of service sequence order to reflect a reduction in payment due to the variable per diem adjustment being applied from an interrupted stay.
- When Medicare performs the above adjustment, it will use the following messages to alert the IPF:
  - Claim Adjustment Reason Code of 45 (Contractual Adjustment);
  - Remittance Advice Remark Code of N540 (Payment adjusted based on the interrupted stay policy.); and

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- Contractual Obligation Code of CO.

## Additional Information

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If you have questions, please contact your Medicare FI or AB MAC at their toll-free number which may be found at

<http://www.cms.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

The official instruction associated with this CR7044, issued to your Medicare FI or AB MAC regarding this change may be viewed at

<http://www.cms.gov/Transmittals/downloads/R2083CP.pdf> on the CMS website.

To review a Fact Sheet discussing the IPF PPS, go to

<http://www.cms.gov/MLNProducts/downloads/InpatientPsychFac.pdf> on the CMS website.

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