CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-04 Medicare Claims Processing	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 2222	**Date: May 20, 2011**
	Change Request 7379

SUBJECT: Pass-through Payment for Certified Registered Nurse Anesthetist Services

I. SUMMARY OF CHANGES: Besides CAHs and hospitals located in rural areas, CAHs and hospitals geographically located in urban areas that reclassify as rural under 42 Code of Federal Regulations 412.103 become eligible to be paid based on reasonable cost for CRNA services effective December 2, 2010. Manual instructions have been changed to reflect this ruling, as well as to amplify existing instructions.

EFFECTIVE DATE: December 2, 2010
IMPLEMENTATION DATE: October 3, 2011

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	Chapter 3/ Section 100.2/ Payment for CRNA or AA Services

III. FUNDING:
For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Business Requirements

Manual Instruction

**Unless otherwise specified, the effective date is the date of service.*

Attachment - Business Requirements

Pub. 100-04	Transmittal:2222	Date: May 20, 2011	Change Request: 7379

SUBJECT (Change Request Title): Pass-through Payment for Certified Registered Nurse Anesthetist Services

Effective Date: December 2, 2010

Implementation Date: October 3, 2011

I. GENERAL INFORMATION

A. Background: Certain hospitals and critical access hospitals (CAHs) are eligible to be paid based on reasonable cost for Certified Registered Nurse Anesthetist (CRNA) services if they meet the requirements outlined at 42 Code of Federal Regulations (CFR) 412.113(c). Prior to a change in policy regarding location requirements made in the fiscal year (FY) 2011 Inpatient Prospective Payment System (IPPS) final rule, hospitals and CAHs were required to be located in rural areas for PPS purposes in order to be eligible for CRNA pass-through payments.

B. Policy: In the FY 2011 IPPS final rule, CMS amended the location requirements for CAHs and rural hospitals to be eligible for CRNA pass-through payments by changing the regulations to state that effective with cost reporting periods beginning on or after October 1, 2010, in addition to CAHs and hospitals located in a rural area for PPS purposes, if a hospital or CAH is reclassified as rural under the regulations at 42 CFR 412.103, it is also eligible to receive CRNA pass-through payments. In the CY 2011 Outpatient PPS rule, the effective date of the CRNA policy change regarding location requirements was changed to December 2, 2010. Accordingly, this instruction alerts Medicare Contractors that effective December 2, 2010, in addition to hospitals and CAHs located in rural areas for PPS purposes, hospitals and CAHs that are reclassified as rural under the regulations at 42 CFR 412.103 are also eligible to be paid based on reasonable cost. CAHs and hospitals located in Lugar counties continue to be ineligible for CRNA pass-through payments.

II. BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
7379.1	Effective with dates of service on or after December 2, 2010, Contractors shall note that in addition to hospitals and CAHs that are rural for PPS purposes, hospitals and CAHs that are reclassified as rural under the regulations at 42 CFR 412.103 are also eligible for CRNA pass-through if they meet the other CRNA pass-through qualifications.	X		X							
7379.2	Contractors shall not search for and adjust claims that have been paid prior to the implementation date. However,	X		X							

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	contractors shall adjust claims brought to their attention.										

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
7379.3	A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X		X							

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below: N/A
"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: For all other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s):
Policy: Renate Dombrowski, Renate-Rockwell.Dombrowski@cms.hhs.gov or (410) 786 – 4645

Claims Processing: Cindy Pitts, Cindy.Pitts@cms.hhs.gov or (410) 786 - 2222

Post-Implementation Contact(s): Contact your Contracting Officer's Technical Representative (COTR) or Contractor Manager, as applicable.

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs),* and/or *Carriers*:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

Section B: *For Medicare Administrative Contractors (MACs)*:

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

Medicare Claims Processing Manual
Chapter 3 – Inpatient Hospital Billing
(Including Inpatient Hospital Part B and OPPS)

100.2 - Payment for CRNA or AA Services

(Rev.2222, Issued: 05-20-11, Effective: 12-02-11, Implementation: 10-03-11)

A3-3660.9

Anesthesia services furnished on or after *January 1, 1989, and before January 1, 1990*, at a rural hospital *or CAH* by a *qualified* hospital employed or contracted CRNA or AA can be paid on a reasonable cost basis. The FI determines the hospital's qualification using the following criteria:

- The hospital *or CAH* must be located in a rural area (as defined for PPS purposes) to be considered.
- *As of January 1, 1988, the hospital or CAH employed or contracted with a CRNA or AA. The hospital or CAH may employ or contract with more than one CRNA or AA; however, the total number of hours of service furnished by the anesthetists may not exceed 2,080 hours per year.*
- *The hospital or CAH must demonstrate that during the 1987 calendar year, its volume of surgical procedures (inpatient and outpatient) requiring anesthesia services did not exceed 250 procedures.*
- *Each qualified CRNA or AA employed or under contract with the hospital or CAH must agree in writing not to bill on a reasonable charge basis for his or her patient care to Medicare beneficiaries in that hospital or CAH.*

*To maintain eligibility for reasonable cost-based payment for services furnished on or after January 1, 1990, a hospital or CAH must demonstrate, in addition to the criteria noted above, prior to January 1 of each respective year that for the prior year its volume of surgical procedures requiring anesthesia services did not exceed 500 procedures; or effective October 1, 2002, did not exceed 800 procedures. Effective f*or calendar year*s beginning with January 1, 1991*, *the hospital or CAH* must make its election after September 30, but before January 1. The FI determines the number of *surgical procedures for the immediately preceding year* by *summing* the number of surgical procedures for the 9-month period ending September 30*, annualized for a 12-month period*.

If a hospital or CAH did not qualify for reasonable cost-based payment for CRNA or AA services in calendar year 1989, it can qualify in subsequent years if it demonstrates to the Medicare Contractor prior to the start of the calendar year that it met the three criteria noted below:

- *The hospital or CAH must be located in a rural area (as defined for PPS purposes) to be considered.*

- *As of January 1, 1988, the hospital or CAH employed or contracted with a CRNA or AA. The hospital or CAH may employ or contract with more than one CRNA or AA; however, the total number of hours of service furnished by the anesthetists may not exceed 2,080 hours per year.*
- *Each qualified CRNA or AA employed or under contract with the hospital or CAH has agreed in writing not to bill on a reasonable charge basis for his or her patient care to Medicare beneficiaries in that hospital or CAH.*

In addition, the hospital or CAH must provide data for its entire patient population to demonstrate that during calendar year 1987 and the year immediately preceding its election of reasonable cost payments, its volume of surgical procedures (inpatient and outpatient) requiring anesthesia services did not exceed 500 procedures. Effective October 1, 2002, it must demonstrate that it did not exceed 800 procedures.

Effective December 2, 2010, in addition to a hospital or CAH that is located in a rural area (as defined for PPS purposes), a hospital or CAH may be eligible to be paid based on reasonable cost for CRNA or AA services if the hospital or CAH has reclassified as rural under 42 Code of Federal Regulations 412.103.

To prevent duplicate payments, the FI informs carriers of the names of CRNAs or AAs, the hospitals with which they have agreements, and the effective dates of the agreements. If the CRNA or AA bills Part B for anesthesia services furnished prior to the hospital's election of reasonable cost payments, the carrier must recover the overpayment from the CRNA or AA.