



Related MLN Matters Article #: MM5020

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MMA - Method of Cost Settlement for Inpatient Services for Rural Hospitals Participating Under Demonstration Authorized by Section 410A of the Medicare Modernization Act

Key Words

MM5020, CR5020, R45DEMO, Cost, Settlement, Rural, Hospitals, MMA, 410A

Provider Types Affected

Rural hospitals participating under the demonstration authorized by section 410A of the Medicare Modernization Act (MMA) that bill Medicare Fiscal Intermediaries (FIs) for their services

Key Points

- The effective date of the instruction is October 1, 2004.
- The implementation date is July 14, 2006.
- The MMA mandates a demonstration that establishes rural community hospitals. Eligible rural community hospitals are located in a rural area, have fewer than 51 acute care beds, make available 24-hour emergency services, and are not eligible for critical access hospital designation.
- Thirteen hospitals participated in the first year of the demonstration. Of these, four terminated their participation in December 2005.
- The Centers for Medicare & Medicaid Services (CMS) has changed the method of reimbursement for inpatient services for rural hospitals participating under the demonstration authorized by section 410A of the MMA by changing the way interim payments are calculated and administered for the project.
- Change Request (CR) 5020 provides further instructions on the settlement process for the first and second years of the demonstration.
- CR5020 applies **only** for the 13 identified demonstration hospitals as shown in Tables A and B of MLN Matters article MM5020. As shown in CR5020, the reasonable cost payment will apply to the four hospitals that discontinued participation in the demonstration for the period during which they did participate.
- For specific information relating to the calculation and payment methodology and administration of the interim payments for rural hospitals participating under the demonstration authorized by Section 410A

of the MMA, please refer to "*Attachment A – Payment Methodology for Years 2 through 5*" and to the *Business Requirements* attached to CR5020.

Important Links

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5020.pdf>

<http://www.cms.hhs.gov/Transmittals/downloads/R45DEMO.pdf>