



Update-Inpatient Psychiatric Facilities Prospective Payment System (IPF PPS) Rate Year (RY) 2010 – JA6461

Note: MLN Matters® article MM6461 was revised to reflect changes made to Change Request (CR) 6461. The CR was revised to show a corrected labor-related share of 75.889 percent and a corrected non-labor-related share of 24.111 percent. The CR release date, transmittal number, and the Web address for accessing CR 6461 were also changed. All other information remains the same.

Related CR Release Date: July 24, 2009 **Revised**

Date Job Aid Revised: July 29, 2009

Effective Date: July 1, 2009

Implementation Date: July 6, 2009

Key Words MM6461, CR6461, R1780CP, IPF, PPS, Prospective

Contractors Affected

- Fiscal Intermediaries (FIs)
- Part A/B Medicare Administrative Contractors (A/B MACs)

Provider Types Affected Providers submitting claims to Medicare FIs or A/B MACs for inpatient psychiatric services provided to Medicare beneficiaries and paid under the IPF PPS



CR6461 identifies changes required as part of the annual IPF PPS update for RY 2010. These changes are effective July 1, 2009, and are applicable to IPF discharges occurring during the RY beginning on July 1, 2009, through June 30, 2010.

Market Basket Update

- The Centers for Medicare & Medicaid Services (CMS) uses the Rehabilitation/Psychiatric/Long-Term Care market basket to update the IPF PPS portion of the blended payment rate (that is the federal per diem base rate).

Provider Needs to Know...

PRICER Updates

- For the IPF PPS RY 2010 (July 1, 2009 – June 30, 2010), the following are effective for discharges on July 1, 2009, through June 30, 2010:
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- The federal per diem base rate is \$651.76;
- The fixed dollar loss threshold amount is \$6,565.00;
- The IPF PPS will use the fiscal year (FY) 2009 unadjusted pre-floor, pre-reclassified hospital wage index;
- The labor-related share is 75.889 percent;
- The non-labor related share is 24.111 percent; and
- The electroconvulsive therapy rate is \$280.60.

Cost to Charge Ratio (CCR)

- The national urban and rural cost to CCR for the IPF PPS RY 2010 are displayed in the following table:

Cost to Charge Ratio	Median	Ceiling
Urban	0.5300	1.7647
Rural	0.6515	1.7381

- CMS is applying the national median CCRs to the following situations:
 - For new IPFs that have not yet submitted their first Medicare cost report, CMS is using these national ratios until the facility's actual CCR can be computed, using the first tentatively settled or final settled cost report, which will then be used for the subsequent cost report period;
 - The IPFs whose operating or capital CCR is in excess of 3 standard deviations above the corresponding national geometric mean (that is, above the ceiling); and
 - Other IPFs for whom the FI or A/B MAC obtains inaccurate or incomplete data used to calculate either an operating or capital CCR or both.

Medicare Severity Diagnosis-Related Group (MS-DRG) Update

- The code set and adjustment factors are unchanged for RY 2010.

Note: For the FY 2009 pre-floor, pre-reclassified hospital wage index, CMS is using the updated wage index and the wage index budget neutrality factor of 1.0009.

Background

- Under the IPF PPS, payments to IPFs are based on a federal per diem base rate that:
 - Includes both inpatient operating and capital-related costs (including routine and ancillary services); but
 - Excludes certain pass-through costs (i.e., bad debts, and graduate medical education).
- CMS is required to update this IPF PPS annually.

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- The RY update is effective July 1 - June 30 of each year.
 - The MS-DRGs and International Classification of Diseases, Ninth Revision, Clinical Modification codes are updated on October 1 of each year.
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Operational Impact	N/A
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Reference Materials	<p>The related MLN Matters® article can be found at http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6461.pdf on the CMS website.</p> <p>The official instruction (CR6461) issued regarding this change may be found at http://www.cms.hhs.gov/Transmittals/downloads/R1780CP.pdf on the CMS website.</p> <p>The applicable previous year update is detailed in MLN Matters® article MM6077 and may be reviewed at http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6077.pdf on the CMS website.</p>
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