



Provider Inquiry Assistance

Inpatient Rehabilitation Facility (IRF) Annual Update: Prospective Payment System (PPS) Pricer Changes for Fiscal Year (FY) 2011 – JA7076

Related CR Release Date: August 13, 2010

Date Job Aid Revised: August 23, 2010

Effective Date: October 1, 2010

Implementation Date: October 4, 2010

Key Words MM7076, CR7076, R2026CP, IRF, PPS, Pricer

Contractors Affected

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

Provider Types Affected IRFs submitting claims to FIs and/or A/B MACs for services provided to Medicare beneficiaries are affected.



Change Request (CR) 7076 provides updated rates used to correctly pay IRF PPS for claims with discharges that fall within October 1, 2010, through September 30, 2011 (FY 2011).

Payment Rates for IRFs for FY 2011

- The FY 2011 IRF PPS Update Notice published on July 22, 2010, sets forth the prospective payment rates applicable for IRFs for FY 2011.

IRF PPS FY 2011 Updated Rates

- The following are the IRF PPS updated rates for claims with discharges that fall within October 1, 2010, through September 30, 2011:
 - The standard federal rate is \$13,860;
 - The fixed loss amount is \$11,410;
 - The labor-related share is 0.75271;
 - The non-labor related share is 0.24729;
 - Urban national average Cost-to-Charge Ratio (CCR) is 0.489;
 - Rural national average CCR is 0.620;
 - The Low Income Patient Adjustment is 0.4613, which represents no change from FY 2010;
 - The Teaching Adjustment is 0.6876, which is no change from FY 2010; and
 - The Rural Adjustment is 1.1840, which is also the same as FY2010.

Provider Needs to Know...

New Software IRF PRICER Software

- A new IRF PRICER software package will be released prior to October 1, 2010, that will contain the updated rates that are effective for claims with discharges that fall within October 1, 2010, through September 30, 2011.

Atypical Cases

- For atypical cases, effective January 1, 2010, the Healthcare Common Procedure Coding System (HCPCS) Rates must contain a five digit Health Insurance PPS (HIPPS) Rate/Case-Mix Group (CMG) Code A5001.
 - An atypical case occurs under the new IRF coverage requirements that became effective January 1, 2010, where an IRF is eligible to receive the IRF short-stay payment for 3 days or less (HIPPS Rate/CMG A5001) when a patient's thorough preadmission screening shows that the patient is an appropriate candidate for IRF care, but then something unexpected happens between the preadmission screening and the IRF admission such that the patient is no longer an appropriate candidate for IRF care on admission, and the day count is greater than 3.
 - In this scenario only, if the patient is discharged/transferred on or after day 4, the Centers for Medicare & Medicaid Services (CMS) instructs IRFs to bill HIPPS Rate/CMG A5001.
 - Therefore, whether or not the IRF is able to discharge the patient to another setting of care within 3 days, the IRF will only be eligible for and receive the IRF short-stay payment for 3 days or less (HIPPS Rate/CMG A5001).
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| Background | <ul style="list-style-type: none">• On August 7, 2001, 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 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. |
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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.gov/MLN MattersArticles/downloads/MM7076.pdf on the CMS website.</p> <p>The official instruction (CR7076) issued regarding this change may be viewed at http://www.cms.gov/Transmittals/downloads/R2026CP.pdf on the CMS website.</p>
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