



Related MLN Matters Article #: MM5016

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Revisions to Chapter 3, Section 140 of the Medicare Claims Processing Manual (Pub 100-4), the Inpatient Rehabilitation Facility Prospective Payment System (IPF PPS)

Key Words

MM5016, CR5016, Revisions, Pub 100-4, Section, 140, IRF, PPS, Compliance, Percentage, Threshold

Provider Types Affected

Facilities billing Medicare Fiscal Intermediaries (FIs) for inpatient rehabilitation services

Key Points

- The effective date of the instruction is August 7, 2006.
- The implementation date is August 7, 2006.
- A rehabilitation hospital is excluded from the acute care hospital PPS if it has an agreement in effect to participate as a hospital, and if it meets what is commonly referred to as a compliance percentage.
- This means that during a most recent, consecutive, and appropriate 12-month time period (as defined by the Centers for Medicare & Medicaid Services (CMS) or a provider's FI), the hospital provided intensive rehabilitative services (to treat one or more specified medical conditions) for a portion of its inpatient population that met or exceeded specific percentage thresholds.
- CR5016 revises the IRF PPS instructions to adopt the IRF compliance percentage as set forth by Congress in the Deficit Reduction Act (DRA) of 2005:
 - The Compliance Percentage Threshold for cost reporting periods:
 - During the 12-month period beginning on or after July 1, 2006, and before July 1, 2007, this percentage is 60%;
 - During the 12-month period beginning on or after July 1, 2007, and before July 1, 2008, it is 65%; and
 - Beginning on or after July 1, 2008, it is 75%.
- A patient's comorbidity will not be included in the inpatient population used to determine the compliance percentage for cost reporting periods beginning on or after July 1, 2008.

- In certain cases, in addition to using the presumptive method to determine whether a provider has met the compliance percentage, the provider's FI (according to written policies that describe the reasons for so choosing) may also review a random sample of medical records to make this determination for the applicable cost reporting period.
- Providers should be aware that the compliance percentage that their FI determines through this medical record review will supersede the percentage that was determined for the same compliance review period by using the presumptive method.
- In a public health emergency or major disaster situation, there is an exception to the general guideline regarding the submission of a listing of an IRF's patients. The following is the explanation for this exception:
 - Should the Secretary of Health and Human Services (HHS) declare a Public Health Emergency under section 319 of the Public Health Service Act (or another appropriate statute), or the president declares either a National Emergency under the National Emergencies Act or a Major Disaster under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (or other appropriate law), the requirements stipulated in certain regulations or operational policies may, on occasion, be waived in specific geographic areas for a specific time period.
 - In such instances, in accordance with the waiver provisions, the IRF may be permitted to admit patients who otherwise would be admitted to another inpatient setting.
 - To ensure that these (national emergency or disaster) inpatients are not included as part of their total inpatient population when their compliance percentage is being determined, providers must not submit their assigned hospital numbers to their FI when submitting the list of hospital numbers for the percentage calculations mentioned above.
 - They should, however, appropriately document in the medical record sufficient information that identifies them as national emergency or disaster inpatients.

Note: For the period from August 24, 2005, through the implementation date of CR5016, FIs will not search their files to determine whether national emergency or disaster inpatients were excluded as part of the IRF's total patient population in determining the IRF Compliance Percentage, but they may review cases that are called to their attention.

Important Links

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/mm5016.pdf>

More information about instruction (CR5016), on the inpatient rehabilitation facility prospective payment system, can be found by going to <http://www.cms.hhs.gov/Transmittals/downloads/R938CP.pdf> on the CMS website.

Additionally, providers might want to read the revised *Medicare Claims Processing Manual* (Pub. 100.04), Chapter 3 (Inpatient Hospital Billing), Section 140 (Inpatient Rehabilitation Facility Prospective Payment System (IRF PPS)), which can find as an attachment to CR5016.

This may be found at <http://www.cms.hhs.gov/manuals/downloads/clm104c03.pdf> on the CMS website.

Providers with any questions should contact their FI at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.