



Related MLN Matters Article #: MM5694

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Inpatient Rehabilitation Facility (IRF) Annual Update: Prospective Payment System (PPS) Pricer Changes for FY 2008

Key Words

MM5694, CR5694, R1323CP, IRF, Rehabilitation, Prospective, PPS, Pricer

Provider Types Affected

Providers submitting claims to Medicare Fiscal Intermediaries (FIs) and Part A/B Medicare Administrative Contractors (A/B MACs) for IRF PPS services provided to Medicare beneficiaries

Key Points

- The effective date of the instruction is October 1, 2007.
- The implementation date is October 1, 2007.
- On August 7, 2001, the Centers for Medicare & Medicaid Services (CMS) published a Final Rule in the Federal Register (http://www.access.gpo.gov/su_docs/fedreg/a010807c.html) that established the PPS for IRFs as authorized under the Social Security Act (Section 1886(j)).
- In that final rule, CMS set forth per discharge federal rates for federal fiscal year (FY) 2002.
- These IRF PPS payment rates became effective for cost reporting periods beginning on or after January 1, 2002.
- On August 7, 2007, CMS published the FY 2008 IRF PPS Final Rule in the Federal Register (<http://www.cms.hhs.gov/inpatientrehabfacpps/downloads/cms1551f.pdf>), which provides the prospective payment rates applicable for IRFs for FY 2008.
- A new IRF PRICER software package will be released prior to October 1, 2007, that will contain the updated rates that are effective for claims with discharges that fall on or after October 1, 2007, through September 30, 2008.
- The provider's FI or Part A/B MAC will install the new revised Pricer program in a timely fashion to ensure the provider will receive accurate payments for IRF PPS claims with discharges occurring on or after October 1, 2007, through September 30, 2008.

- The IRF PPS FY 2008 rates applicable to discharges on or after October 1, 2007, through September 30, 2008 are as shown in the following table:

Standard federal rate	\$13,451
Fixed loss amount	\$7,362
Labor-related share	75.818%
Non-labor related share	24.182%
Urban national average cost-to-charge ration (CCR)	0.476
Rural national average CCR	0.596

Important Links

The related MLN Matters article can be found at

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5694.pdf> on the CMS website.

The official instruction (CR5694) regarding this change may be viewed at

<http://www.cms.hhs.gov/Transmittals/downloads/R1323CP.pdf> on the CMS website.

If providers have questions regarding this issue, they may contact their Medicare FI or A/B MAC at their toll-free number, which may be found at

<http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.