



Implementation of Capital to Inpatient Prospective Payment System (IPPS) Indirect Medical Education (IME) and Long Term Care Hospital (LTCH) Provisions from the American Recovery and Reinvestment Act (ARRA) of 2009 – JA6444

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Date Job Aid Revised: April 6, 2009

Effective Date: February 17, 2009

Implementation Date: April 6, 2009

Key Words MM6444, CR6444, R466OTN, Capital, IPPS, LTCH, ARRA

Contractors Affected

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

Provider Types Affected Inpatient Acute Care Hospitals and LTCHs that bill Medicare FIs or A/B MACs for services provided to Medicare beneficiaries



- Change Request (CR) 6444 discusses provisions of the ARRA that impact capital IPPS payments to hospitals for IME and changes to certain LTCH PPS payment policies.
- CR6444 also provides implementation instructions on certain provisions that affect the Medicare fee-for-service program.

Provisions of ARRA that Affect Capital IPPS IME Payments to Hospitals

Provider Needs to Know...

- Beginning in fiscal year (FY) 2009, hospitals were to receive 50 percent of the capital IME adjustment provided under the current formula.
- Section 4301(b)(1) of the ARRA removes the 50 percent adjustment that applied for FY 2009 and gives teaching hospitals the full capital IME amount for discharges occurring on or after October 1, 2008, through September 30, 2009.

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- The AARA also explicitly specifies that the elimination of the capital IME adjustment in FY 2010 and subsequent years is not to be affected.
 - Beginning in FY 2010 (under current law), hospitals will no longer receive a teaching adjustment under the capital IPPS.
 - This provision also affects LTCH PPS payments as part of the Short Stay Outlier (SSO) calculation.
 - The revision to the capital IPPS IME adjustment for FY 2009 provided for by Section 4301(b)(1) of the ARRA also affects the payments for some SSO cases from LTCHs with teaching programs since the calculation of the "IPPS comparable amount" component of the SSO "blend" option, must also be revised to reflect the change to the capital IME adjustment for FY 2009 provided for in the ARRA.
 - In the same way as with the SSO calculation, changes to the capital IME payments specified by the ARRA of 2009 affect LTCH PPS payments governed by the "25 percent" threshold payment adjustments.
 - Under these policies, those cases in excess of the applicable thresholds are paid an amount based on an amount **equivalent** to what would be paid under the IPPS.
 - Therefore, the revision to the capital IPPS IME adjustment for FY 2009 provided for in Section 4301(b) would apply to those LTCHs with teaching programs.

Changes Affecting LTCHs

- The Medicare, Medicaid and State Children's Health Insurance Program Extension Act (MMSEA) of 2007 placed a moratorium on new LTCHs or new LTCH satellites and expansions in the number of beds in existing LTCHs, effective December 29, 2007.
 - **MMSEA allowed for limited exceptions to the moratorium.**
 - The ARRA makes one additional exception to the moratorium. The exception will allow existing LTCHs to expand the number of beds in the LTCH or its satellite if the hospital obtained a certificate of need for an increase in beds in a state for which such certificate of need is required. **The certificate of need had to be issued on or after April 1, 2005, and before December 29, 2007.**
 - As noted above, CMS regulations create special payment provisions for LTCHs or LTCH satellites that receive more than 25 percent of their admissions from a single referral source.
 - The ARRA amended the MMSEA changes to the 25 percent threshold policy by adding another category of LTCHs that would be subject to the 3-year delay in application of the 25 percent payment provision (i.e., LTCHs or LTCH satellites that were co-located with provider-based locations of an IPPS hospital that did not deliver services payable under the IPPS at those campuses where the LTCHs or LTCH satellites were located).
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- The ARRA also extended the increase in percentages under the 25 percent threshold policy to include “grandfathered” LTCH satellites (i.e., those in existence prior to October 1, 1999, and changed the implementation date of all changes to the 25 percent threshold payment adjustment from the date of enactment of the MMSEA (December 29, 2007) to either July 1, 2007, or October 1, 2007, as appropriate for the specific provision).
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Background

- The ARRA was signed into law on February 17, 2009.
 - CMS is implementing the capital to IPPS IME and LTCH provisions from the ARRA legislation of 2009.
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Operational**Impact**

- FIs and A/B MACs will reprocess any claims with discharge dates on or after October 1, 2008, that were previously processed with an incorrect payment amount for IME and/or short-stay outlier claims of LTCHs with a teaching program.
 - Providers do not have to take any action to initiate the reprocessing of the claims. They should notify their billing office staff that adjustments to payments will be made within six months of Pricer software installation (scheduled for April 6, 2009).
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**Reference
Materials**

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6444.pdf> on the CMS website.

The official instruction (CR6444) issued regarding this change may be viewed at <http://www.cms.hhs.gov/Transmittals/downloads/R466OTN.pdf> on the CMS website.
