



Test Your Medicare Claims Now! After you have submitted claims containing both National Provider Identifiers (NPIs) and legacy identifiers and those claims have been paid, Medicare urges you to send a small batch of claims now with only the NPI in the primary provider fields. If the results are positive, begin increasing the number of claims in the batch. (Reminder: For institutional claims, the primary provider fields are the Billing and Pay-to Provider fields. For professional claims, the primary provider fields are the Billing, Pay-to, and Rendering Provider fields. If the Pay-to Provider is the same as the Billing Provider, the Pay-to Provider does not need to be identified.)

MLN Matters Number: MM5965

Related Change Request (CR) #: 5965

Related CR Release Date: March 14, 2008

Effective Date: April 1, 2008

Related CR Transmittal #: R1479CP

Implementation Date: April 7, 2008

## April 2008 Inpatient Rehabilitation Facility (IRF) Prospective Payment System (PPS) Pricer Changes

**Note:** This article was updated on July 12, 2013, to reflect current Web addresses. This article was previously revised to add a reference to MLN Matters® article MM7674 available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM7674.pdf> to alert providers that, effective July 1, 2012, for bills for IRF services provided to MA patients, they must submit information-only bills (TOB 111) with both Condition Code 04 and the Case Mix Group (CMG) from the IRF Patient Assessment Instrument. All other information is the same.

### Provider Types Affected

Inpatient rehabilitation facilities (IRFs) submitting claims to Medicare contractors (Fiscal Intermediaries (FIs) and/or Part A/B Medicare Administrative Contractors (A/B MACs)) for services provided to Medicare beneficiaries.

### Provider Action Needed



#### STOP – Impact to You

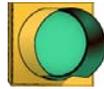
This article is based on CR 5965 which instructs Medicare contractors to install the April Inpatient Rehabilitation Facility (IRF) Prospective Payment System (PPS) Pricer.

#### Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

**CAUTION – What You Need to Know**

CR 5965 updates the Fiscal Year 2008 (FY08) standard payment conversion factor from \$13,451 to \$13,034, effective for discharges on or after April 1, 2008, and it adds the default Case Mix Group (CMG) of A9999 as a valid CMG to allow “informational only” claims for Medicare Advantage (MA) patients to be processed, effective for discharges on or after October 1, 2006.

**GO – What You Need to Do**

See the Background and Additional Information Sections of this article for further details regarding these changes.

## Background

---

The purpose of Change Request (CR) 5965 is to:

- Update the standard payment conversion factor per the Medicare, Medicaid, and State Children’s Health Insurance Program (SCHIP) Extension Act of 2007 (Section 115), and
- Provide hospitals with a mechanism to submit “informational only” bills to Medicare for Medicare Advantage (MA) patients.

The following background is provided regarding these issues:

### **Fiscal Year 2008 Standard Payment Conversion Factor (Effective October 1, 2007)**

On August 24, 2007, the Centers for Medicare & Medicaid Services (CMS) issued CR 5694 to outline the prospective payment rates applicable for Inpatient Rehabilitation Facilities (IRFs), effective for Fiscal Year (FY) 2008. CR 5694 also instructed the standard system maintainer to install the new IRF Prospective Payment System (PPS) Pricer that contained updated FY 2008 rates, which set the standard payment conversion factor (also known as the standard Federal rate) at \$13,451. You can review the MLN Matters article related to CR 5694 at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM5694.pdf> on the CMS website.

### **“Informational Only” Billing for Medicare Advantage (MA) Patients (Effective October 1, 2006)**

On July 20, 2007, CMS issued CR 5647 to require hospitals to submit “informational only” bills to their Medicare contractor for the MA patients they treat, in order for the days to be eventually captured in the Disproportionate Share Hospital (DSH) (or low income patient (LIP) for IRF) calculations. You can review the MLN Matters article related to CR 5647 at <http://www.cms.gov/Outreach-and->

#### Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

[Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM5647.pdf](#) on the CMS website.

### **Standard Payment Conversion Factor Update**

The Medicare, Medicaid, and SCHIP Extension Act of 2007 (Section 115) amended the Social Security Act (Section 1886(j)(3)(C)) to apply a 0.0 percent increase to payment rates for IRFs for part of FY 2008. You can find Section 1886(j)(3)(C) of the Social Security Act at [http://www.ssa.gov/OP\\_Home/ssact/title18/1886.htm](http://www.ssa.gov/OP_Home/ssact/title18/1886.htm) on the Internet.

Payment rates for the first two quarters of FY 2008 (from October 1, 2007 through March 31, 2008) will continue to be based on the 3.2 percent market basket increase that was implemented in the FY 2008 IRF PPS final rule (72 FR 44284).

The new rates will become effective for discharges occurring on or after April 1, 2008, and will apply to the last two quarters of FY 2008 (from April 1, 2008 through September 30, 2008). **Effective April 1, 2008, the new IRF standard payment conversion factor will be \$13,034.** Applying this new standard payment conversion factor to the case-mix group relative weights published in the FY 2008 IRF PPS final rule (72 FR 44284, 44293 through 44297) results in the new IRF payment rates listed at: <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/InpatientRehabFacPPS/index.html> on the CMS website.

### **"Informational Only" Billing for MA Patients**

For IRF "informational only" claims (Type of Bill 111 with a condition code 04) for MA patients with discharges on or after October 1, 2006, CMS is instructing IRFs to submit a default Case Mix Group (CMG) code of A9999.

**Note:** Prior to the implementation of this CR 5965, CMS has been instructing IRFs, on a case-by-case basis, to use any CMG until a default Health Insurance Prospective Payment System (HIPPS) code could be considered a valid CMG in the IRF Pricer software.

In summary, CR 5965 instructs your Medicare contractor to:

- Update the FY 08 standard payment conversion factor from \$13,451 to \$13,034, effective for discharges on or after April 1, 2008; and
- Add the default CMG of A9999 as a valid CMG to allow "informational only" claims for MA patients to be processed, effective for discharges on or after October 1, 2006.

In addition, CR 5965 instructs your Medicare contractor to install and pay IRF claims with the April 2008 IRF PPS Pricer.

#### Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

## Additional Information

---

The official instruction, CR 5965, issued to your FI and A/B MAC regarding this change may be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R1479CP.pdf> on the CMS website.

If you have any questions, please contact your FI or A/B MAC at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

### Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.