



News Flash – Are you ready for the new Medicare provider authentication process at Fiscal Intermediaries (FIs), Carriers, or Medicare Administrative Contractors (MACs)? Effective April 6, 2009, for all Medicare provider telephone and written inquiries to your Medicare claims processing contractors, inquirers will need to give the last five digits of the provider's tax identification number (TIN) in addition to the provider's national provider identifier (NPI) and provider transaction access number (PTAN). In addition, inquirers will only be allowed three attempts to provide the correct NPI, PTAN, and last five digits of the TIN. You can find more information about the new provider authentication requirements for Medicare inquiries to your Medicare claims processing contractors by going to the MLN Matters article related to CR 6139, located at <http://www.cms.gov/outreach-and-education/medicare-learning-network-mln/mlnmattersarticles/downloads/MM6139.pdf> on the CMS website.

MLN Matters Number: MM6444

Related Change Request (CR) #: 6444

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Related CR Transmittal #: R466OTN

Implementation Date: April 6, 2009

Note: This article was updated on December 20, 2012, to reflect current Web addresses. All other information remains unchanged.

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

Provider Types Affected

Inpatient Acute Care Hospitals and LTCHs that bill Medicare fiscal intermediaries (FIs) or Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries.

Provider Action Needed

This article discusses provisions of the ARRA that impact capital IPPS payments to hospitals for indirect medical education (IME) and changes to certain LTCH Prospective Payment System (PPS) payment policies. Please note that FIs and

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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. **You need take no action to initiate the reprocessing of the claims.** You should notify your billing office staff that adjustments to payments will be made within six months of Pricer software installation at your contractor. That installation is scheduled to occur on or before April 6, 2009.

Background

The ARRA was signed into law on February 17, 2009. Change Request (CR) 6444 provides a summary of the legislation as well as implementation instructions on certain provisions that affect the Medicare Fee-for-Service program.

The first key point of the legislation affects capital IPPS IME payments for fiscal year (FY) 2009. Beginning in 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. The AARA also explicitly specifies that the elimination of the capital IME adjustment in FY 2010 and subsequent years is not to be affected. Therefore, beginning in FY 2010 and after, 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.

A second key point of the legislation affects LTCHs. The Medicare, Medicaid and SCHIP 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 that will allow existing LTCHs to expand the number of beds in the LTCH or its satellite

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if the hospital obtained a certificate of need for an increase in beds in a State for which such certificate of need is required that was issued on or after April 1, 2005, and before December 29, 2007.

A third key point of the legislation also affects LTCHs. 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. 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.

Additional Information

If you have questions, please contact your Medicare MAC or FI 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 Centers for Medicare & Medicaid Services (CMS) website.

The official instruction (CR6444) issued to your Medicare MAC and/or FI is available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R466OTN.pdf> on the CMS website.

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