



News Flash – ICD-10 Medicare Severity Diagnosis Related Grouper (MS-DRG), Version 30.0 (FY 2013) mainframe and PC software is now available. This software is being provided to offer the public a better opportunity to review and comment on the ICD-10 MS-DRG conversion of the MS-DRGs. This software can be ordered through the [National Technical Information Service \(NTIS\)](#) website. A link to NTIS is also available in the Related Links section of the [ICD-10 MS-DRG Conversion Project](#) website. The final version of the ICD-10 MS-DRGs will be subject to formal rulemaking and will be implemented on October 1, 2014.

MLN Matters® Number: MM7076

Related Change Request (CR) #: 7076

Related CR Release Date: August 13, 2010

Effective Date: October 1, 2010

Related CR Transmittal #: R2026CP

Implementation Date: October 4, 2010

Note: This article was revised on March 22, 2013, with an updated ICD-10 News Flash. All other information remains unchanged.

Inpatient Rehabilitation Facility (IRF) Annual Update: Prospective Payment System (PPS) Pricer Changes for Fiscal Year (FY) 2011

Provider Types Affected

This article is for 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

This article is based on Change Request (CR) 7076 which provides updated rates used to correctly pay IRF PPS claims for FY 2011. Be sure your billing staff is aware of these changes.

Background

On August 7, 2001, the Centers for Medicare & Medicaid Services (CMS) published in the Federal Register, a final rule that established the PPS for IRFs, as authorized under Section 1886(j) of the Social Security Act (the Act). In that final

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rule, CMS set forth per discharge Federal rates for Federal FY 2002. These IRF PPS payment rates became effective for cost reporting periods beginning on or after January 1, 2002. Annual updates to the IRF PPS rates are required by Section 1886(j)(3)(C) of the Act.

The FY 2011 IRF PPS Update Notice published on July 22, 2010, sets forth the prospective payment rates applicable for IRFs for FY 2011. A new IRF PRICER software package will be released prior to October 1, 2010 that will contain the updated rates that are effective for claims with discharges that fall within October 1, 2010 through September 30, 2011.

PRICER Updates: For IRF PPS FY 2011 (October 1, 2010 – September 30, 2011)

- The standard Federal rate is \$13,860;
- The fixed loss amount is \$11,410;
- The labor-related share is 0.75271;
- The non-labor related share is 0.24729;
- Urban national average Cost-to-Charge Ratio (CCR) is 0.489;
- Rural national average CCR is 0.620;
- The Low Income Patient (LIP) Adjustment is 0.4613, which represents no change from FY 2010;
- The Teaching Adjustment is 0.6876, which is no change from FY 2010; and
- The Rural Adjustment is 1.1840, which is also the same as FY2010.

Note also that for atypical cases effective January 1, 2010, the HCPCS/Rates must contain a five digit Health Insurance PPS (HIPPS) Rate/ Case-Mix Group (CMG) Code A5001. An atypical case occurs under the new IRF coverage requirements that became effective January 1, 2010, where an IRF is eligible to receive the IRF short stay payment for 3 days or less (HIPPS Rate/CMG A5001) if a patient's thorough preadmission screening shows that the patient is an appropriate candidate for IRF care but then something unexpected happens between the preadmission screening and the IRF admission such that the patient is no longer an appropriate candidate for IRF care on admission and the day count is greater than 3. In this scenario only, if the patient is discharged/transferred on or after day 4, CMS instructs IRFs to bill HIPPS Rate/CMG A5001. Thus, whether or not the IRF is able to discharge the patient to another setting of care within 3 days, the IRF will only be eligible for and receive the IRF short stay payment for 3 days or less (HIPPS Rate/CMG A5001).

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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 CMS website.

The official instruction (CR7076) issued to your Medicare MAC and/or FI is available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R2026CP.pdf> on the CMS website.

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