

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services



In September 2012, the Centers for Medicare & Medicaid Services (CMS) announced the availability of a new electronic mailing list for those who refer Medicare beneficiaries for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS). Referral agents play a critical role in providing information and services to Medicare beneficiaries. To ensure you give Medicare patients the most current DMEPOS Competitive Bidding Program information, CMS strongly encourages you to review the information sent from this new electronic mailing list. In addition, please share the information you receive from the mailing list and the link to the "[mailing list for referral agents](#)" subscriber webpage with others who refer Medicare beneficiaries for DMEPOS. Thank you for signing up!

MLN Matters® Number: MM8788

Related Change Request (CR) #: CR 8788

Related CR Release Date: August 22, 2014

Effective Date: October 1, 2014

Related CR Transmittal #: R3039CP

Implementation Date: October 6, 2014

Inpatient Rehabilitation Facility (IRF) Annual Update: Prospective Payment System (PPS) Pricer Changes for FY 2015

Provider Types Affected

This MLN Matters® Article is intended for IRFs submitting claims to Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries.

Provider Action Needed

This article is based on Change Request (CR) 8788 which provides updated rates used to correctly pay IRF PPS claims for FY 2015. A new IRF PRICER software package will be released prior to October 1, 2014, that will contain the updated rates that are effective for claims with discharges that fall within October 1, 2014, through September 30, 2015. Make sure your billing staffs are aware of these changes.

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. CPT only copyright 2013 American Medical Association.

Background

The Centers for Medicare & Medicaid Services (CMS) published a final rule in the Federal Register (see <http://www.gpo.gov/fdsys/pkg/FR-2001-08-07/pdf/01-19313.pdf>), that established the IRF PPS, as authorized under the Social Security Act (Section 1886(j)); see http://www.ssa.gov/OP_Home/ssact/title18/1886.htm). 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. Annual updates to the IRF PPS rates are required by the Social Security Act (Section 1886(j)(3)(C)). Additionally, Section 1886(j)(7)(A)(i) of the Social Security Act requires application of a 2 percentage point reduction of the applicable market basket increase factor for IRFs that fail to comply with the quality data submission requirements which CMS implemented for FY 2014 IRF PPS payments. The updates for FY2015 are in the following table.

PRICER Updates for IRF PPS FY 2015 (October 1, 2014 – September 30, 2015)

Standard Federal Rate	\$15,198
Adjusted Standard Federal Rate	\$14,901
Fixed Loss Amount	\$8,848
Labor-related Share	0.69294
Non-labor Related Share	0.30706
Urban National Average Cost-to-Charge Ratio (CCR)	0.443
Rural National Average CCR	0.569
Low Income Patient (LIP) Adjustment	0.3177
Teaching Adjustment	1.0163
Rural Adjustment	1.149

The Social Security Act (Section 1886(j)(7)(A)(i)) requires application of a 2 percentage point reduction of the applicable market basket increase factor for IRFs that fail to comply with the quality data submission requirements. FY 2015 is the second year that the mandated reduction will be applied for IRFs that failed to comply with the data submission requirements during the data collection period January 1, 2013, through December 31, 2013.

In compliance with Section 1886(j)(7)(A)(i) of the Social Security Act, CMS will apply a 2 percentage point reduction to the applicable FY 2015 market basket increase factor (2.2 percent) in calculating an adjusted FY 2015 standard payment conversion factor to apply to payments for only those IRFs that failed to comply with the data submission requirements.

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. CPT only copyright 2013 American Medical Association.

Application of the 2 percentage point reduction may result in an update that is less than 0.0 for a fiscal year and in payment rates for a fiscal year being less than such payment rates for the preceding fiscal year. Also, reporting-based reductions to the market basket increase factor will not be cumulative; they will only apply for the FY involved.

The adjusted FY 2015 standard payment conversion factor that will be used to compute IRF PPS payment rates for any IRF that failed to meet the quality reporting requirements for the period from January 1, 2013, through December 31, 2013, will be \$14,901.

Additional Information

The official instruction, CR8788 issued to your MAC regarding this change may be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R3039CP.pdf> on the CMS website.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/index.html> under - How Does It Work.

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. CPT only copyright 2013 American Medical Association.