



# MLN Matters®



Information for Medicare Fee-For-Service Health Care Professionals

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Related Change Request (CR) #: 3399

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Related CR Transmittal #: R276CP

Implementation Date: January 3, 2005

## **MMA-Further Information Related to CR3175, Distinct Part Units of Critical Access Hospitals (CAHs)**

**Note:** This article was updated on April 5, 2013, to reflect current Web addresses. All other information remains unchanged.

### **Provider Types Affected**

Critical access hospitals (CAHs)

### **Provider Action Needed**



#### **STOP – Impact to You**

CAHs were informed in CR3175 that they could establish psychiatric and rehabilitation distinct part units.



#### **CAUTION – What You Need to Know**

This instruction addresses the new provider numbers and how payment should be made to psychiatric and rehabilitation distinct part units.



#### **GO – What You Need to Do**

Be sure to code claims correctly for services in these distinct part units, which are identified by the presence of an R (Rehabilitation) or M (Psychiatric) in position 3 of the provider number.

#### **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.

## Background

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The Medicare Modernization Act (MMA) of 2003, PL 108-173, Section 405(g), stated that CAHs may establish psychiatric and rehabilitation distinct part units effective for cost reporting periods beginning on or after October 1, 2004.

CR3175 (Transmittal 144, dated April 23, 2004, Subject: Distinct Part Units for Critical Access Hospitals) informed CAHs that they could establish psychiatric and rehabilitation distinct part units. It also included the following requirements:

- CAHs may establish psychiatric and rehabilitation distinct part units, and the distinct part unit must meet the conditions of participation requirement for hospitals;
- The distinct part unit must also meet the requirements other than conditions of participation that would apply if the unit were established in an acute care hospital;
- Services provided in these distinct part units will be paid under the payment methodology that would apply if the unit were established in an acute care (non-CAH) hospital paid under the hospital inpatient PPS;
- Inpatient Rehabilitation Facilities (IRFs) are paid under the Inpatient Rehabilitation Facility PPS (see Pub 100-04, Chapter 3, section 140 for billing requirements), and the Inpatient Psychiatric Units are paid on a reasonable cost basis until a prospective payment system is created (expected in 2005);
- Beds in these distinct part units are excluded from the 25 total bed count limit for CAHs, and the bed limitation for each distinct part unit is 10; and
- If a distinct part unit does not meet applicable requirements with respect to a cost reporting period, no payment may be made to the CAH for services furnished in the unit during that period. Payment may resume only after the CAH has demonstrated that the unit meets applicable requirements.

**This instruction addresses new provider numbers and how payment should be made to established psychiatric and rehabilitation distinct part units as follows:**

- **IRFs located in a CAH will be paid under the Inpatient Rehabilitation Facility PPS (see Pub 100.4, Chapter 3, Section 140 for billing requirements) and will be identified by provider number xx-Rxxx.**
- **Inpatient psychiatric units located in a CAH will be paid on a reasonable cost basis until the inpatient psychiatric facility prospective payment system is created (expected in 2005). These units are identified by provider number xx-Mxxx.**

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Payment for services provided in the distinct part units will be made according to the payment method that would apply if the unit was established in an acute care (non-CAH) hospital paid under the hospital inpatient PPS.

**Note:** This change in policy is driven by the MMA of 2003, PL 108-173, Section 405(g), and is effective for the cost reporting periods beginning on or after October 1, 2004.

## Additional Information

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CR3175, Transmittal 144, dated April 23, 2004, Subject: Distinct Part Units for Critical Access Hospitals can be reviewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R144CP.pdf> on the CMS website.

Also, the MLN Matters article for CR3175 may be found at <http://www.cms.gov/outreach-and-education/medicare-learning-network-mln/mlnmattersarticles/downloads/MM3175.pdf> on the CMS website.

For complete details, please see the official instruction issued to your fiscal intermediary regarding this change. That instruction may be viewed by going to <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R276CP.pdf> on the CMS website.

If you have questions, please contact your intermediary 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.

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