



**News Flash** – The *Swing Bed Fact Sheet* (revised April 2009), which provides information about the requirements hospitals and Critical Access Hospitals must meet in order to enter into a swing bed agreement under which they can use beds, as needed, to provide either acute or Skilled Nursing Facility care, is now available in downloadable format from the Medicare Learning Network at <http://www.cms.hhs.gov/MLNProducts/downloads/SwingBedFactsheet.pdf> on the Centers for Medicare & Medicaid Services website.

MLN Matters® Number: MM6461 **Revised**

Related Change Request (CR) #: 6461

Related CR Release Date: July 24, 2009

Effective Date: July 1, 2009

Related CR Transmittal #: R1780CP

Implementation Date: July 6, 2009

## Update-Inpatient Psychiatric Facilities Prospective Payment System (IPF PPS) Rate Year 2010

**Note:** This article was revised on July 27, 2009, to reflect changes made to CR 6461. The CR was revised to show a corrected labor-related share of 75.889 percent and a corrected non-labor-related share of 24.111 percent. The CR release date, transmittal number, and the Web address for accessing CR 6461 were also changed. All other information remains the same.

### Provider Types Affected

Providers submitting claims to Medicare Fiscal Intermediaries (FIs) or Part A/B Medicare Administrative Contractors (A/B MACs) for inpatient psychiatric services provided to Medicare beneficiaries and paid under the IPF PPS.

### Impact on Providers

Change Request (CR) 6461, from which this article is taken, identifies changes required as part of the annual inpatient psychiatric facilities prospective payment system (IPF PPS) update for rate year (RY) 2010. These changes are effective July 1, 2009, and are applicable to IPF discharges occurring during the RY beginning on July 1, 2009, through June 30, 2010. This is the fourth RY update to the IPF PPS. The applicable previous year update is detailed in MLN Matters® article MM6077 and may be reviewed at

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<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6077.pdf> on the Centers for Medicare & Medicaid Services (CMS) website. Make sure that your billing staffs are aware of these IPF PPS changes.

## Background

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Under the IPF PPS, payments to inpatient psychiatric facilities are based on a Federal Per Diem base rate that:

- Includes both inpatient operating and capital-related costs (including routine and ancillary services); but
- Excludes certain pass-through costs (i.e., bad debts, and graduate medical education).

CMS is required to update this IPF PPS annually. The RY update is effective July 1 - June 30 of each year and the Medicare Severity (MS) DRGs and ICD-9-CM codes are updated on October 1 of each year.

## Key Points

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### Market Basket Update

CMS uses the Rehabilitation/Psychiatric/Long-Term Care (RPL) market basket to update the IPF PPS portion of the blended payment rate (that is the Federal per diem base rate).

### PRICER Updates

For the IPF PPS RY 2010, (July 1, 2009 – June 30, 2010) the following are effective for discharges on July 1, 2009 through June 30, 2010:

- The Federal per diem base rate is \$651.76;
- The fixed dollar loss threshold amount is \$6,565.00;
- The IPF PPS will use the FY 2009 unadjusted pre-floor, pre-reclassified hospital wage index;
- The labor-related share is 75.889%;
- The non-labor related share is 24.111%; and
- The electroconvulsive therapy (ECT) rate is \$280.60.

### Cost to Charge Ratios

The National Urban and Rural Cost to Charge Ratios (CCR) for the IPF PPS RY 2010 are displayed in the following table:

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Cost to Charge Ratio	Median	Ceiling
Urban	0.5300	1.7647
Rural	0.6515	1.7381

CMS is applying the national median CCRs to the following situations:

- For new IPFs that have not yet submitted their first Medicare cost report, CMS is using these national ratios until the facility's actual CCR can be computed using the first tentatively settled or final settled cost report, which will then be used for the subsequent cost report period.
- The IPFs whose operating or capital CCR is in excess of 3 standard deviations above the corresponding national geometric mean (that is, above the ceiling).
- Other IPFs for whom the FI or A/B MAC obtains inaccurate or incomplete data with which to calculate either an operating or capital CCR or both.

#### MS-DRG Update

The code set and adjustment factors are unchanged for RY 2010.

**Note:** For the FY 2009 pre-floor, pre-reclassified hospital wage index CMS is using the updated wage index and the wage index budget neutrality factor of 1.0009.

### Additional Information

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To see the official instruction (CR6461) issued to your Medicare FI or A/B MAC, visit <http://www.cms.hhs.gov/Transmittals/downloads/R1780CP.pdf> on the CMS website. If you have questions, please contact your Medicare FI or A/B MAC, at their toll-free number which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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