

MLN Matters Number: MM3175

Related Change Request (CR) #: 3175

Related CR Release Date: April 23, 2004

Effective Date: October 1, 2004

Related CR Transmittal #: R144CP

Implementation Date: October 4, 2004

MMA – Critical Access Hospital Distinct Part Units

Note: This article was revised to contain Web addresses that conform to the new CMS website and to show they are now MLN Matters articles. All other information remains the same.

Provider Types Affected

Critical access hospitals (CAHs)

Provider Action Needed



STOP – Impact to You

For the cost reporting periods beginning on or after October 1, 2004, CAHs may establish distinct part units (up to 10 beds) for psychiatric and rehabilitation use. This change in policy is driven by Section 405 of the Medicare Prescription Drug Improvement and Modernization Act (MMA) of 2003, PL 108-173.

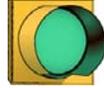


CAUTION – What You Need to Know

To establish distinct part units for psychiatric and rehabilitation care, the facility must be certified as a CAH by CMS. The distinct part units must meet the conditions of participation for hospitals as well as any additional requirements that would apply if the unit was established in an acute care hospital. A maximum of 10 beds are allowed in the units; however, they are excluded from the 25 total bed count limit for CAHs. Please refer to the *Additional Information* section for payment methodology information.

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GO – What You Need to Do

Please ensure that the criteria (mentioned in the *Caution* section above) are met when establishing distinct part units for psychiatric and rehabilitation use.\

Additional Information

Payment for services provided in the distinct part units will be made according to the same payment method used as if the unit was established in an acute care (non-CAH) hospital paid under the hospital inpatient prospective payment system (PPS). Inpatient Rehabilitation Facilities are paid under the Inpatient Rehabilitation Facility PPS. (Information on billing requirements can be found in the *Medicare Claims Processing Manual, Pub. 100-04, Chapter 3, Section 140*.) Inpatient Psychiatric Units are paid on a reasonable cost basis until a prospective payment system is created (projected for 2005).

The official instruction issued to your fiscal intermediary regarding this change may be found by going to

<http://www.cms.hhs.gov/Transmittals/downloads/R144CP.pdf> on the CMS website.

Also, Chapter 3 of the *Medicare Claims Processing Manual* may be found at <http://www.cms.hhs.gov/Manuals/IOM/list.asp#TopOfPage> on the CMS website.

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