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Related Change Request (CR) #: 5016

Related CR Release Date: May 5, 2006

Effective Date: August 7, 2006

Related CR Transmittal #: R938CP

Implementation Date: August 7, 2006

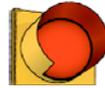
**Note:** This article was updated on November 1, 2012, to reflect current Web addresses. All other information remains unchanged.

## Revisions to Chapter 3, Section 140 of the *Medicare Claims Processing Manual (Pub 100-4)*, the Inpatient Rehabilitation Facility Prospective Payment System

### Provider Types Affected

Facilities billing Medicare fiscal intermediaries (FIs) for inpatient rehabilitation services

### Provider Action Needed



#### **STOP – Impact to You**

You are excluded from the acute care hospital prospective payment system (PPS) if you provide intensive rehabilitative services for an inpatient population that meets, or exceeds, a compliance percentage defined by Congress in the Deficit Reduction Act of 2005 (outlined below).

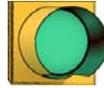


#### **CAUTION – What You Need to Know**

CR5016 (from which this article is taken) revises the Inpatient Rehabilitation Facility (IRF) PPS instructions to adopt the IRF compliance percentage as set forth by Congress in the Deficit Reduction Act of 2005; clarifies the use of medical record review in determining the IRF compliance percentage; and effect new policy on the IRF compliance percentage when patients are admitted under the Secretary of Health and Human Services' declaration of a Public Health Emergency under section 319 of the Public Health Service Act.

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### GO – What You Need to Do

Make sure that your billing staffs are aware of these changes in billing for inpatient rehabilitation services.

## Background

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A rehabilitation hospital is excluded from the acute care hospital PPS if it has an agreement in effect to participate as a hospital, and if it meets what is commonly referred to as a compliance percentage. This means that during a most recent, consecutive, and appropriate 12-month time period (as defined by the Centers for Medicare & Medicaid Services (CMS) or your FI, the hospital provided intensive rehabilitative services (to treat one or more specified medical conditions) for a portion of its inpatient population that met or exceeded specific percentage thresholds.

CR5016 revises the IRF PPS instructions to adopt the IRF compliance percentage as set forth by Congress in the Deficit Reduction Act of 2005:

- The Compliance Percentage Threshold for cost reporting periods:
  - During the 12-month period beginning on or after July 1, 2006 and before July 1, 2007, this percentage is 60%;
  - During the 12-month period beginning on or after July 1, 2007 and before July 1, 2008, it is 65%;
  - Beginning on or after July 1, 2008, it is 75%.

Note that a patient's comorbidity will not be included in the inpatient population used to determine the compliance percentage for cost reporting periods beginning on or after July 1, 2008.

- In certain cases, in addition to using the presumptive method to determine whether you have met the compliance percentage, your FI (according to written policies that describe the reasons for so choosing) may also review a random sample of medical records to make this determination for the applicable cost reporting period. And you should be aware that the compliance percentage that your FI determines through this medical record review will supersede the percentage that was determined for the same compliance review period by using the presumptive method.
- Lastly, in a public health emergency or major disaster situation, there is an exception to the general guideline regarding the submission of a listing of an IRF's patients. Here is the explanation for this exception:
- Should the Secretary of Health and Human Services (HHS) declare a Public Health Emergency under section 319 of the Public Health Service Act (or

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another appropriate statute), or the president declares either a National Emergency under the National Emergencies Act or a Major Disaster under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (or other appropriate law), the requirements stipulated in certain regulations or operational policies may, on occasion, be waived in specific geographic areas for a specific time period. In such instances, in accordance with the waiver provisions, the IRF may be permitted to admit patients who otherwise would be admitted to another inpatient setting.

To ensure that these (national emergency or disaster ) inpatients are not included as part of your total inpatient population when your compliance percentage is being determined, do not submit their assigned hospital numbers to your FI when submitting the list of hospital numbers for the percentage calculations mentioned above. You should, however, appropriately document in the medical record sufficient information that identifies them as national emergency or disaster inpatients.

**Note:** For the period from August 24, 2005, through the implementation date of CR5016, FIs will not search their files to determine whether national emergency or disaster inpatients were excluded as part of the IRF's total patient population in determining the IRF Compliance Percentage, but they may review cases that are called to their attention.

## Additional Information

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You can find more information about this instruction (CR5016) on inpatient rehabilitation facility prospective payment system by going to <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R938CP.pdf> on the CMS website. Additionally, you might want to read the revised *Medicare Claims Processing Manual* (IOM 100.04), Chapter 3 (Inpatient Hospital Billing), Section 140 (Inpatient Rehabilitation Facility Prospective Payment System (IRF PPS)), which you can find as an attachment to this CR.

If you have any 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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