

Provider eNews - Special Edition

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Inpatient Hospital Payment Rate Impacted by the Consolidated Appropriations Act, 2016

On Friday, December 18, 2015, President Obama signed into law the Consolidated Appropriations Act, 2016. Section 601, Modification of Medicare Inpatient Hospital Payment Rate for Puerto Rico Hospitals modifies the payment calculation with respect to operating costs of inpatient hospital services of a subsection (d) Puerto Rico hospital for discharges on or after January 1, 2016.

CMS is currently revising the Inpatient Prospective Payment System (IPPS) FY 2016 Pricer to reflect the new payment calculation requirement. The amount of the payment with respect to the operating costs of inpatient hospital services of a subsection (d) Puerto Rico hospital for inpatient hospital discharges on or after January 1, 2016, will be based on 0 percent of the applicable Puerto Rico percentage and 100 percent of the applicable Federal percentage. In addition, the IPPS FY 2016 Pricer will include conforming changes to certain FY 2016 IPPS operating rates and factors that result from the application of the new Puerto Rico hospital payment calculation requirement, which are applicable to all IPPS hospital discharges on or after January 1, 2016. We will also incorporate the revised IPPS rates into the Long-Term Care Hospital (LTCH) Pricer, as they are used for certain LTCH claims payments.

To allow sufficient time to develop and test, we will implement the IPPS and LTCH Pricers on April 4, 2016. Medicare Administrative Contractors (MACs) will reprocess IPPS inpatient claims from Puerto Rico and all other IPPS hospitals with a discharge date on or after January 1, 2016. The MACs will also reprocess LTCH claims with a discharge date on or after January 1, 2016, due to the impact of this change. Puerto Rico hospitals (as well as all other IPPS and LTCH hospitals) do not need to take any action. We expect to reprocess claims no later than June 30, 2016.

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