

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 3390</b>	<b>Date: November 2, 2015</b>
	<b>Change Request 9408</b>

**Transmittal 3382, dated October 23, 2015, was rescinded and is being replaced by Transmittal 3390 in conjunction with the issuance of the FY 2016 Outpatient Prospective Payment System (OPPS) Final Rule. All other information remains the same.**

**SUBJECT: Off-Cycle Update to the Inpatient Prospective Payment System (IPPS) Fiscal Year (FY) 2016 Pricer**

**I. SUMMARY OF CHANGES:** This change request (CR) outlines changes to the FY 2016 IPPS Pricer and updates information originally published in the FY2016 Final Rule. The attached Recurring Update Notification applies to chapter 3, section 20.3.4.

**EFFECTIVE DATE: October 1, 2009 - Wage Index Updates; October 1, 2013 - Add-on Payment for Pancreatic Islet Cell Transplantation; January 1, 2016 - Transitional Payment for Certain Former Medicare-dependent, small rural hospitals (MDHs); April 1, 2016 - New State Codes**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: January 4, 2016**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	N/A

**III. FUNDING:**

**For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**IV. ATTACHMENTS:**

## Recurring Update Notification

# Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 3390	Date: November 2, 2015	Change Request: 9408
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**IMPLEMENTATION DATE: January 4, 2016**

## I. GENERAL INFORMATION

**A. Background:** This change request (CR) outlines changes to the FY 2016 IPPS Pricer and updates information originally published in the FY16 Final Rule CR 9253. Specifically, this Pricer release restores the add-on payment for pancreatic islet cell transplantation, provides wage index updates, adds provider state codes and provides a transitional payment for certain former MDHs that are now urban under the new CBSA designations.

### B. Policy:

#### **Add-on Payment for Pancreatic Islet Cell Transplantation:**

The add-on payment for pancreatic islet cell transplantation, which had inadvertently been removed, has been restored to the Pricer logic effective October 1, 2013. The add-on payment is made in accordance with Pub. 100-04, Medicare Claims Processing Manual, Chapter 32 (Billing Requirements for Special Services), Section 70.4.

#### **Wage Index Updates:**

The Pricer CBSA table used for the application of the wage index for certain CBSAs for FYs 2010 through 2015 has been updated to reflect subsequent corrections to values currently not included in the CBSA table.

#### **New State Codes:**

New state codes for LA, NM and TX are being added to the rural floor logic in the IPPS Pricer to prepare for CR9300, effective April 1, 2016.

#### **Transitional Payment for Certain Former Medicare-dependent, small rural hospitals (MDHs):**

To qualify as a Medicare-dependent, small rural hospital (MDH), a hospital must be located in a rural area, have 100 beds or fewer, and 60 percent or more of its inpatient days or discharges must be for Medicare beneficiaries. By statute, MDHs receive a special payment of the Federal Inpatient Prospective Payment System (IPPS) rate plus 75 percent of the difference between their hospital-specific rate and the Federal rate

(the MDH add-on). Under current law, the MDH program is in effect until October 1, 2017.

Medicare adopted the Office of Management and Budget’s (OMB) Metropolitan Statistical Areas (MSA) delineations from the 2010 Census on October 1, 2014. There were a number of hospitals that lost their MDH status in FY 2015 as a result of losing their rural status under the new OMB delineations. In the Calendar Year (CY 2016 OPPTS Final Rule, CMS provided for a transition period for these hospitals to mitigate the financial impact of losing MDH status.

Effective January 1, 2016, payments to hospitals that (1) lost their MDH status because they are no longer in a rural area due to the adoption of the new OMB delineations in FY 2015 and (2) have not reclassified from urban to rural under the regulations at §412.103 before January 1, 2016, will receive the following add-on payment:

- For discharges occurring on or after January 1, 2016, through September 30, 2016, **two-thirds** of “the MDH add-on” (that is, two-thirds of 75 percent of the amount by which the Federal rate payment is exceeded by the hospital’s hospital-specific rate payment).
- For discharges occurring on or after October 1, 2016, through September 30, 2017, **one-third** of “the MDH add-on” (that is, one-third of 75 percent of the amount by which the Federal rate payment is exceeded by the hospital’s hospital-specific rate).

Based on the best available information, CMS has identified the hospitals it believes qualify for this transitional add-on payment. The Pricer logic has been modified to calculate this transitional add-on payment in the HSP-payment field in the Pricer for the qualifying hospitals identified by CMS. The MAC should contact Shevi Marciano CMS/Division of Acute Care at Shevi.Marciano@cms.hhs.gov if it becomes aware of any additional hospital(s) other than those identified by CMS as qualifying for this transitional add-on payment. Note, no changes to Provider Type field on the PSF are required (that is, the Provider Type field should **not** reflect MDH status for these providers).

Beginning FY 2018, that is, for discharges occurring on or after October 1, 2017, qualifying former MDHs that meet the above criteria will be paid based solely on the Federal rate.

## II. BUSINESS REQUIREMENTS TABLE

*"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility							
		A/B MAC		D M E M A C	Shared- System Maintainers				Other
		A	B		F I S S	M C S	V M S	C W F	
9408.1	Medicare Contractor shall install and pay claims with the revised FY 2016 IPPS Pricer.					X			
9408.2	Medicare Contractors shall reprocess claims for islet cell transplantation, when brought to their attention, with a discharge date on or after October 1, 2013 through the implementation of this CR.	X							
9408.3	Medicare Contractors shall contact Shevi Marciano	X							

Number	Requirement	Responsibility							
		A/B MAC		D M E M A C	Shared- System Maintainers				Other
		A	B		H H H	F I S S	M C S	V M S	
	CMS/Division of Acute Care at Shevi.Marciano@cms.hhs.gov if it becomes aware of any additional hospital(s) other than those identified by CMS as qualifying for the transitional add-on payment for certain former MDHs.								

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
	None					

### IV. SUPPORTING INFORMATION

**Section A: Recommendations and supporting information associated with listed requirements: N/A**

*"Should" denotes a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:

**Section B: All other recommendations and supporting information: N/A**

### V. CONTACTS

**Pre-Implementation Contact(s):** Cami DiGiacomo, [cami.digiacomo@cms.hhs.gov](mailto:cami.digiacomo@cms.hhs.gov)

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

### VI. FUNDING

**Section A: For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically

authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**ATTACHMENTS: 0**