

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2301	Date: September 13, 2011
	Change Request 7510

Transmittal 2275 dated August 12, 2011, is rescinded and replaced by Transmittal 2301 dated September 13, 2011, to correct the fixed loss amount from \$10,660 to \$10,713 per the FY2012 IRF PPS Final Rule Correction Notice. All other material remains the same.

SUBJECT: Inpatient Rehabilitation Facility (IRF) Annual Update: Prospective Payment System (PPS) Pricer Changes for FY 2012

I. SUMMARY OF CHANGES: A new IRF PRICER software package will be released prior to October 1, 2011, that will contain the updated rates that are effective for claims with discharges that fall within October 1, 2011, through September 30, 2012.

EFFECTIVE DATE: October 1, 2011

IMPLEMENTATION DATE: October 3, 2011

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.

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

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	3/140.2/Payment Provisions Under IRF PPS

III. FUNDING:

For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

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:

Manual Instruction

Recurring Update Notification

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

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 2301	Date: September 13, 2011	Change Request: 7510
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SUBJECT: Inpatient Rehabilitation Facility (IRF) Annual Update: Prospective Payment System (PPS) Pricer Changes for FY 2012

Effective Date: October 1, 2011

Implementation Date: October 3, 2011

I. GENERAL INFORMATION

A. Background: On August 7, 2001, we published in the **Federal Register**, a final rule that established the PPS for IRFs, as authorized under §1886(j) of the Social Security Act (the Act). In that final rule, we set forth per discharge Federal rates for Federal fiscal year (FY) 2002. These IRF PPS payment rates became effective for cost reporting periods beginning on or after January 1, 2002. Annual updates to the IRF PPS rates are required by §1886(j)(3)(C) of the Act.

B. Policy: The FY 2012 IRF PPS Final Rule issued on July 29, 2011, sets forth the prospective payment rates applicable for IRFs for FY 2012. A new IRF PRICER software package will be released prior to October 1, 2011, that will contain the updated rates that are effective for claims with discharges that fall within October 1, 2011, through September 30, 2012. The new revised Pricer program shall be installed timely to ensure accurate payments for the IRF PPS claims with discharges occurring on or after October 1, 2011, through September 30, 2012.

PRICER Updates: For IRF PPS FY 2012 (October 1, 2011 – September 30, 2012)

- The standard Federal rate is: **\$14,076**
- **The fixed loss amount is: \$ 10,713**
- The labor-related share is: **0.70199**
- The non-labor related share is: **0.29801**
- Urban national average CCR is: **0.520**
- Rural national average CCR is: **0.669**
- The Low Income Patient (LIP) Adjustment is: **0.4613**
- The Teaching Adjustment is: **0.6876**
- The Rural Adjustment is: **1.184**

II. BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility								
		A / B M A C	D M E M A C	F I M A C	C A R R I E R	R H H I	Shared-System Maintainers			
						F I S S	M C S	V M S	C W F	
7510.1	FISS shall install and pay IRF claims with the FY 2012 IRF PPS Pricer for discharges on or after October 1, 2011, through September 30, 2012.						X			

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility								
		A / B M A C	D M E M A C	F I M A C	C A R R I E R	R H H I	Shared-System Maintainers			
						F I S S	M C S	V M S	C W F	
7510.2	<p>A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv.</p> <p>Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.</p>	X		X						

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements:

X-Ref Requirement Number	Recommendations or other supporting information:
	N/A

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

V. CONTACTS

Pre-Implementation Contact(s):

Policy: Susanne Seagrave at susanne.seagrave@cms.hhs.gov or 410-786-0044

Claims Processing: Fred Rooke at fred.rooke@cms.hhs.gov or 404-562-7205

Sarah Shirey-Losso at sarah.shirey-losso@cms.hhs.gov or 410-786-0187

Post-Implementation Contact(s): Contact your Contracting Officer's Technical Representative (COTR) or Contractor Manager, as applicable.

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs)*, *Regional Home Health Intermediaries (RHHIs)*:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

Section B: 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.

Medicare Claims Processing Manual

Chapter 3 - Inpatient Hospital Billing

140.2 - Payment Provisions Under IRF PPS

(Rev. 2301, Issued: 09-13-11, Effective: 10-01-11, Implementation: 10-03-11)

Section 1886 of the BBA provides the basis for establishing the Federal payment rates applied under PPS to IRFs. The PPS incorporates per discharge federal rates based on average IRF costs in a base year updated for inflation to the first effective period of the system. IRF PPS providers are not subject to the 3-day payment widow (72-hour rule) for pre-admission services, but are subject to the 1-day payment window (24-hour rule) for pre-admission services.

Beneficiary liability will operate the same as under the current Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) payment system. Even if Medicare payments are below cost of care for a patient under prospective payment, the patient cannot be billed for the difference in any case.

Below are the annual rate update Change Requests (CRs) for the applicable Fiscal Years (FYs):

FY 2012 – CR 7510
FY 2011 – CR 7076
FY 2010 – CR 7029
FY 2010 – CR 6607
FY 2009 – CR 6166
FY 2008 – CR 5694
FY 2007 – CR 5273
FY 2006 – CR 4037
FY 2005 – CR 3378
FY 2004 – CR 2894
FY 2003 – CR 2250

Change Requests can be accessed through the following CMS Transmittals Web site:
http://www.cms.hhs.gov/Transmittals/01_Overview.asp