
Program Memorandum Intermediaries

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal A-02-058

Date: JULY 5, 2002

CHANGE REQUEST 2250

SUBJECT: Inpatient Rehabilitation Facility (IRF) Annual Update: Prospective Payment System (PPS) Pricer Changes for FY 2003

Background

On August 7, 2001, we published in the **Federal Register**, a final rule that established the PPS for inpatient rehabilitation facilities (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. This Program Memorandum (PM) informs you of the changes that will be required as part of the annual IRF PPS update for FY 2003.

Annual Pricer Update

Prior to August 1, 2002, we will publish a notice in the **Federal Register** that sets forth the prospective payment rates applicable for IRFs for FY 2003. A new IRF PRICER software package will be released prior to October 1, 2002 that will contain the updated rates that are effective for claims with discharges that fall within October 1, 2002 through September 30, 2003. The new revised pricer program must be installed timely to ensure accurate payments for the IRF PPS claims with discharges on or after October 1, 2002 through September 30, 2003.

The effective date for this PM is October 1, 2002.

The implementation date for this PM is October 1, 2002.

These instructions should be implemented within your current operating budget.

This PM may be discarded after September 30, 2003.

If you have any questions, contact Nora Hoban at (410) 786-0675 or Nhoban@cms.hhs.gov.