



Systems Changes to Allow IPPS-Excluded Hospitals to Operate IPPS-Excluded Units

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Related Change Request (CR) Number: 11173

Related CR Release Date: May 3, 2019

Effective Date: October 1, 2019

Related CR Transmittal Number: R2293OTN

Implementation Date: October 7, 2019

PROVIDER TYPES AFFECTED

This MLN Matters Article is for Inpatient Prospective Payment System (IPPS)-excluded hospitals billing Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries.

PROVIDER ACTION NEEDED

CR11173 makes the systems changes required to allow for Medicare systems to process payments to IPPS-excluded units of IPPS-excluded hospitals. Please make sure your billing staffs are aware of these changes.

BACKGROUND

In the Fiscal Year (FY) 2019 IPPS/Long-Term Care Hospital PPS (LTCH PPS) final rule (83 FR 41513), the Centers for Medicare & Medicaid Services (CMS) revised Section 412.25(a)(1)(ii) to specify that the requirement that an excluded psychiatric or rehabilitation unit cannot be part of an IPPS-excluded hospital is only effective through cost-reporting periods beginning on or before September 30, 2019.

Effective with cost-reporting periods beginning on or after October 1, 2019, CMS will allow an IPPS-excluded hospital to have an excluded psychiatric and/or rehabilitation unit. In addition, CMS revised Section 412.25(d) to specify that an IPPS-excluded hospital may not have an IPPS-excluded unit of the same type (psychiatric or rehabilitation) as the hospital (for example, an Inpatient Rehabilitation Facility (IRF) may not have an IRF unit).

With Medicare using prospective payment systems for both inpatient rehabilitation facilities and units (collectively, IRFs) and psychiatric hospitals and units (collectively, Inpatient Psychiatric Facilities (IPFs)), CMS no longer believes it redundant for an IPPS-excluded hospital to have an IPPS-excluded unit. It is also not possible for IPPS-excluded hospitals to use units to artificially inflate their target amounts, because Medicare bases payment for discharges from the units on the PPS of the unit and not on reasonable cost. For example, Medicare will pay an inpatient

rehabilitation unit under the IRF PPS and an inpatient psychiatric unit under the IPF PPS.

CMS must make changes to its systems to process claims from these units. CR11173 provides instructions to MACs to ensure that CMS may assign CMS Certification Numbers (CCNs) to IPPS-excluded units of IPPS-excluded hospitals so that the number is unique and intelligent (consistent with established policy on the assignment of CCNs to hospitals). Medicare will pay for claims for services provided in such units based on the respective PPS.

Specifically, CMS is creating new alpha combinations in the third and fourth digits of the CCN field to identify IPPS-excluded units of IPPS-excluded hospitals.

Note: CMS is not creating new combinations for IPPS-excluded units in cancer hospitals because these hospitals' CCNs are in the IPPS provider range. CMS will identify IPPS-excluded units of cancer hospitals using the same method as IPPS-excluded units in IPPS hospitals.

ADDITIONAL INFORMATION

The official instruction, CR11173, issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2019Downloads/R2293OTN.pdf>. If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

DOCUMENT HISTORY

Date of Change	Description
May 3, 2019	Initial article released.

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