

TO: Acute Care PPS Hospitals

FROM: CareFirst of Maryland, Inc., Medicare Part A

SUBJECT: Implementation of the Temporary Equalization of Urban and Rural Standardized Payment Amounts Under the Medicare Inpatient Hospital Prospective Payment System (IPPS) as Required By Section 402(b) of Public Law 108-7

DATE: April 1, 2003

This bulletin establishes new FY 2003 operating standardized amounts for IPPS hospitals not in large urban areas effective April 1, 2003, as required by section 402(b) of Public Law 108-7.

The standardized amounts for large urban areas are revised slightly because of the recalculation of the budget neutrality factors as a result of wage index corrections in PM A-02-92. In conjunction with the new standardized amount, this bulletin also announces new capital rates to be effective April 1, 2003. The Puerto Rico-specific capital rate is unchanged. The following standardized amounts and capital rates are effective for discharges occurring on or after April 1, 2003, and before October 1, 2003 are:

Revised FY 2003 National Operating Rates

	Large Urban Areas		Other Areas	
	Labor-related	Nonlabor-related	Labor-related	Nonlabor-related
National	\$3,022.31	\$1,228.48	\$3,022.31	\$1,228.48

Revised FY 2003 Puerto Rico Operating Rates

	Large Urban Areas		Other Areas	
	Labor-related	Nonlabor-related	Labor-related	Nonlabor-related
National PR	\$3,022.31	\$1,228.48	\$3,022.31	\$1,228.48
Puerto Rico	\$1,464.28	\$589.41	\$1,441.10	\$580.08

Revised FY 2003 Capital Rates

National	\$406.93
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As a result of the behaviors described in the March 5, 2003 proposed rule (68 FR 10420), and based upon preliminary data regarding outlier payments for the first quarter of FY 2003, CMS

believes it is likely that they have continued to overpay for outliers during the first quarter of FY 2003. Accordingly, the outlier threshold is unchanged at \$33,560.

The CMS expects to publish a final rule establishing these new payment rates very soon.

The *effective date* for this bulletin is April 1, 2003. The *implementation date* for this bulletin is April 1, 2003.

(Source: Program Memorandum A-03-023; Change Request 2661)

THIS BULLETIN SHOULD BE SHARED WITH ALL HEALTH CARE PRACTITIONERS AND MANAGERIAL MEMBERS OF THE PROVIDER/SUPPLIER STAFF. ALL BULLETINS ISSUED AFTER OCTOBER 1, 1999 ARE AVAILABLE AT NO COST FROM OUR WEB SITE AT www.marylandmedicare.com .