

TO: Inpatient Rehabilitation Facilities
FROM: CareFirst of Maryland, Inc. – Medicare Part A
DATE: September 3, 2003
SUBJECT: Inpatient Rehabilitation Facility (IRF) Annual Update: Prospective Payment System (PPS) Pricer Changes for FY 2004

I. General Information

This bulletin is to inform you of the changes that will be required as part of the annual IRF PPS update for FY 2004.

A. Background

On August 7, 2001, CMS 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, they 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

On August 1, 2003, CMS published a final rule in the **Federal Register** (68 FR 45674) that sets forth the prospective payment rates applicable for IRFs for FY 2004. A new IRF PRICER software package will be released prior to October 1, 2003, that will contain the updated rates that are effective for claims with discharges that fall within October 1, 2003 through September 30, 2004.

To access the Federal Register visit <http://www.cms.gov/providers/irfpps/1474f.pdf>.

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

(Source: Program Memorandum A-03-074; Change Request 2894)

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