

To: Inpatient Rehabilitation Facilities (IRFs)
From: CareFirst of Maryland, Inc.
Medicare Part A
Date: February 10, 2004
Subject: Change in Methodology for Determining Payment for Outliers Under the IRF PPS

I. GENERAL INFORMATION

A. Background: Regulations at 42 CFR §412.624(e)(4) describe the criteria and procedures for determining whether an inpatient rehabilitation facility subject to the inpatient rehabilitation facility prospective payment system (IRF PPS) qualifies for an additional payment for extraordinarily costly cases, known as high-cost outliers. A final rule, published on August 1, 2003, (68 FR 45674) revised the regulations at §412.624(e)(4) for facilities subject to the IRF PPS. This posting provides instructions for implementing those revisions to the outlier policy for the IRF PPS.

B. Policy: Based on the final rule published in the **Federal Register** on August 1, 2003, this posting provides instructions for applying CCRs for IRFs, including: the use of an alternative CCR when directed by CMS or at the request of the facility and the use of a CCR based on the tentative settlement of the cost report for discharges on or after October 1, 2003; use of the national averages; the criteria for identifying hospitals to be subject to reconciliation; and notification to hospitals about those updates.

The manual update specifying the changes can be viewed in its entirety at:

http://www.cms.hhs.gov/manuals/pm_trans/R77CP.pdf

(Source: Publication 100-04, Transmittal 77, Change Request 2998, February 6, 2004)

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.