

Related Change Request (CR) #: 3235
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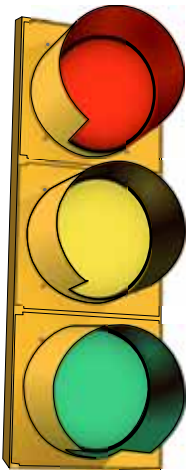
Medlearn Matters Number: MM3235

Indian Health Service (IHS) or Tribal Critical Access Hospital (CAH) Payment Methodology for Inpatient and Outpatient Services

Provider Types Affected

IHS or tribal CAHs

Provider Action Needed



STOP – Impact to You

Beginning January 1, 2004, IHS and tribal CAH facilities' reimbursement will be based only on facility-specific per diem rates for inpatient services, and on facility-specific visit rates for outpatient services.

CAUTION – What You Need to Know

Effective January 1, 2004, your reimbursement for covered inpatient services is 101 percent of the facility-specific per diem rate, and for outpatient services is 80% of the facility-specific outpatient visit rate.

GO – What You Need to Do

Make sure that your billing staffs are aware of, and that your systems support, this change in reimbursement methodology.

Background

Effective January 1, 2004, your payment for inpatient services will be based on a facility-specific per diem rate, and, similarly, such facilities will be paid for outpatient services based on facility-specific visit rates.

More specifically, your reimbursement for covered inpatient services is based on a facility-specific per diem rate, established each year from the prior year cost report information. This per diem is calculated to approximate as closely as possible your final payment, which is 101 percent of your reasonable cost, after Part A deductibles and coinsurance. So, the price set for your inpatient services is 101 percent of your facility-specific per diem rate, and your FI will pay you at that rate. You should bill inpatient services on an 11X type of bill.

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Likewise, your reimbursement for covered outpatient services is based on a facility-specific visit rate that is also established each year from the prior year cost report information. That facility-specific per visit rate is calculated to approximate 101 percent of per-visit cost, and you will be paid 80 percent of that rate whether you bill using Standard Method (I) or Optional Method (II). Thus, your payment for outpatient services is the lesser of either 80 percent of 101 (80.8) of your facility-specific outpatient visit rate, or 101 percent of your rate less applicable Part B deductible and coinsurance amounts. You should bill for your outpatient services on an 85X type of bill.

Please note that while this change is effective January 1, 2004, Medicare systems will implement this change on January 3, 2005.

Additional Information

You can find more information about official instruction sent to your fiscal intermediary regarding this change by going to:

http://www.cms.hhs.gov/manuals/transmittals/comm_date_dsc.asp

From that web page, look for CR 3235 in the CR NUM column on the right, and click on the file for that CR.

If you have any questions, please contact your intermediary at their toll-free number, which may be found at:

<http://www.cms.hhs.gov/medlearn/tollnums.asp>

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