



Related MLN Matters Article #: MM5325

Date Posted: December 27, 2006

Related CR #: 5325

### *Inpatient Rehabilitation Facility (IRF) Teaching Adjustment*

#### Key Words

MM5325, CR5325, R1137CP, IRF, Rehabilitation

#### Provider Types Affected

Providers submitting claims to Medicare Fiscal Intermediaries (FIs) for IRF services provided to Medicare beneficiaries

#### Key Points

- The effective date of the instruction is October 1, 2005.
- The implementation date is January 22, 2007.
- MLN Matters article MM5325 and Change Request (CR) 5325 provide clarification of the IRF teaching adjustment for other types of Medicare providers (including long-term care hospitals (LTCHs)) that have been training residents and are currently converting to IRFs.
- Beginning October 1, 2005, the Centers for Medicare & Medicaid Services (CMS) implemented an adjustment for teaching facilities that operate an IRF in order to compensate them for the higher costs incurred in providing care to Medicare beneficiaries.
- CMS implemented the teaching adjustment based on the ratio of residents and interns to the average daily census, raised to some power as described in the final rule.
- The details of the adjustment are included as an attachment to the official instructions (CR4099) issued to the provider's FI. That instruction and the revised portions of Chapter 3 of *the Medicare Claims Processing Manual* may be viewed by going to <http://www.cms.hhs.gov/Transmittals/downloads/R693CP.pdf> on the CMS web site.
- The MLN Matters article corresponding to CR4099 can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM4099.pdf> on the CMS web site.

- For Medicare providers (including LTCHs) that have been training residents and are currently converting to IRFs, the provider's FI will:
  - Determine a Full-Time Equivalent (FTE) resident cap (for purposes of the IRF teaching status adjustment) that is:
    - Applicable beginning with the new IRF's payments under the IRF Prospective Payment System (PPS); and
    - Based on the FTE count of residents during the predecessor facility's cost reporting period ending on or before November 15, 2004.
- Similar to the existing CMS policy for IRFs, if the predecessor facility did not begin training residents until after November 15, 2004, then the facility would initially receive an FTE cap of "0."
- Once established, the FTE resident cap for the teaching status adjustment for the new IRF will be subject to the same rules and adjustments as any IRF's FTE resident cap.
- CR5325 instructs the provider's FI to:
  - Identify all Medicare providers that are converting to IRFs for cost reporting periods beginning on and after October 1, 2006;
  - Determine an FTE resident cap for purposes of the IRF teaching adjustment based upon the FTE count of residents during the predecessor facility's cost reporting period ending on or before November 15, 2004;
  - Assign an FTE cap of zero if the predecessor facility did not begin training residents until after November 15, 2004; and
  - Make adjustments to the cap in accordance with the policies that are being applied in the IPF PPS and IPPS.

## Important Links

The related MLN Matters article can be found at

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5325.pdf> on the CMS web site.

The official instruction (CR5325) regarding this change may be viewed at

<http://www.cms.hhs.gov/transmittals/downloads/R1137CP.pdf> on the CMS web site.

For more information regarding IRF PPS, providers may go to

[http://www.cms.hhs.gov/InpatientRehabFacPPS/01\\_Overview.asp#TopOfPage](http://www.cms.hhs.gov/InpatientRehabFacPPS/01_Overview.asp#TopOfPage) on the CMS web site

If providers have any questions, they may contact their intermediary at their toll-free number, which may be found on the CMS web site at

<http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip>.