

Small Entity Compliance Guide

Medicare Program: Inpatient Rehabilitation Facility Prospective Payment System for Federal Fiscal Year 2008

Federal Register Vol. 72, No. 151, Page 44306, August 7, 2007
42 CFR Part 412

CMS-1551-F, RIN 0938-AO63

The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA, P.L. 104-121, as amended by P.L. 110-28, May 25, 2007) contains requirements for issuance of “small entity compliance guides.” Guides are to explain what actions affected entities must take to comply with agency rules. Such guides must be prepared when agencies issue final rules for which agencies were required to prepare a Final Regulatory Flexibility Analysis under the Regulatory Flexibility Act.

The complete text of this Final Rule can be found on the CMS Web site at:
<http://www.cms.hhs.gov/QuarterlyProviderUpdates/downloads/Regs-3Q07QPU.pdf>.

This final rule updates the prospective payment rates for inpatient rehabilitation facilities (IRFs) for Federal fiscal year (FY) 2008 (for discharges occurring on or after October 1, 2007 and on or before September 30, 2008) as required under section 1886(j)(3)(C) of the Social Security Act (the Act). Section 1886(j)(5) of the Act requires the Secretary to publish in the Federal Register on or before the August 1 that precedes the start of each fiscal year, the classification and weighting factors for the IRF prospective payment system’s (PPS) case-mix groups and a description of the methodology and data used in computing the prospective payment rates for that fiscal year.

Because we lack data on individual hospital receipts, we cannot determine the number of small proprietary IRFs or the proportion of IRF revenue that is derived from Medicare payments. However, we assume that all IRFs (an approximate total of 1,200 IRFs, of which approximately 60 percent are nonprofit facilities) are small entities and that Medicare payment constitutes the majority of their revenues.

We estimate that the net revenue impact of this final rule on all IRFs is to increase estimated payments by about 2.4 percent, with an estimated increase in payments of 3 percent or higher for some categories of IRFs (such as urban IRFs in the Mountain region and rural IRFs in the Middle Atlantic and East South Central regions). Thus, we anticipate that this final rule may have a significant impact on a substantial number of small entities. However, the estimated impact of this final rule is positive because it provides a net increase in revenues across all categories of IRFs.

This rule imposes no direct Federal compliance requirements on Inpatient Rehabilitation Facilities. In order to assist IRFs in understanding and adapting to Medicare billing and payment procedures, we have developed a Web page for IRFs that includes explanatory

materials at http://www.cms.hhs.gov/InpatientRehabFacPPS/01_overview.asp. The Highlights section contains the most recent issuances.