



## Separate Payment for Essential Medicines – New Biweekly Interim Payments for the Inpatient Prospective Payment System

Related CR Release Date: May 2, 2024	MLN Matters Number: MM13590
Effective Date: October 1, 2024 – For cost reporting periods beginning on or after October 1, 2024	Related Change Request (CR) Number: <a href="#">CR 13590</a>
Implementation Date: October 7, 2024	Related CR Transmittal Number: R12615CP

Related CR Title: New Biweekly Interim Payments for Inpatient Prospective Payment System (IPPS) Separate Payment for Additional Resource Costs of Establishing and Maintaining Access to Buffer Stocks of Essential Medicines

### Affected Providers

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- Independent Hospitals with 100 or fewer beds
- Other providers billing Medicare Administrative Contractors (MACs) for Inpatient Prospective Payment System (IPPS) services they provide to Medicare patients

### Action Needed

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Make sure your billing staff knows about these updates:

- Payment adjustments for establishing and maintaining access to essential medicines
- How providers can be paid (biweekly or annually)
- How future payments will be determined

### Background

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CR 13590 prepares the claims processing system for new separate payments under the IPPS to small, independent hospitals. These payments cover the cost of voluntarily establishing and maintaining access to buffer stocks of essential medicines via biweekly interim payments.

## Payment Adjustment Amounts Under the IPPS for Establishing and Maintaining Access to Essential Medicines

In the FY 2025 IPPS final rule, for cost reporting periods beginning on or after October 1, 2024, CMS finalized separate payments for the IPPS shares of the additional cost of establishing and maintaining access to buffer stocks of essential medicines. Small, independent hospitals could receive these payments 1 of 2 ways:

- Lump sum at cost report settlement (per principles of reasonable cost found in [Section 1861\(v\)\(1\)\(A\)](#) of the Social Security Act and [42 CFR 413.1](#) and [42 CFR 413.9](#))
- Biweekly as interim lump-sum payments, which are then reconciled at cost report settlement (per payment rules found at [42 CFR 413.64](#) and [42 CFR 412.116\(c\)](#))

MACs determine payment amounts consistent with existing policies and procedures. MACs then estimate the reimbursable amount for the year using Medicare principles of cost reimbursement and divide the result into 26 equal biweekly payments. The estimated amount is based on the most current cost data available and adjusted at least twice during the reporting period (see [CMS Pub. 15-1 2405.2](#) for more information). MACs determine the lump-sum payment based on data the hospital provides with information from the new supplemental cost reporting form.

In future years, MACs could determine the biweekly lump-sum payment amounts based on information from the prior year's cost report, adjusted by the most current available data. This is consistent with current policies for medical education costs and bad debts for uncollectible deductibles and coinsurance paid weekly. It's also consistent with the payment adjustment for domestically sourced, National Institute for Occupational Safety and Health-approved surgical N95 respirators ([87 FR 72037](#)).

We'll codify this payment adjustment in [42 CFR 412.113\(g\)](#) for the IPPS.

## More Information

We issued [CR 13590](#) to your MAC as the official instruction for this change. For more information, find your [MAC's website](#).

## Document History

Date of Change	Description
October 15, 2024	Initial article released.

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