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| CMS Manual System | Department of Health & Human Services (DHHS) |
| Pub 100-04 Medicare Claims Processing | Centers for Medicare & Medicaid Services (CMS) |
| Transmittal 1166 | Date: JANUARY 26, 2007 |
| | Change Request 5455 |

SUBJECT: Correction to the Inpatient Psychiatric Facility Prospective Payment System (IPF PPS) Pricer

I. SUMMARY OF CHANGES: A new version of the IPF PPS Pricer will be released to contractors that will account for new DRGs created on October 1, 2006 and to add an ICD-9-CM code that needs to receive a comorbidity adjustment.

New / Revised Material

Effective Date: October 1, 2006

Implementation Date: April 2, 2007

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

| R/N/D | Chapter / Section / Subsection / Title |
|-------|--|
| N/A | |

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2007 operating budgets.

IV. ATTACHMENTS:

Recurring Update Notification

**Unless otherwise specified, the effective date is the date of service.*

Attachment – Recurring Update Notification

| | | | |
|-------------|-------------------|------------------------|----------------------|
| Pub. 100-04 | Transmittal: 1166 | Date: January 26, 2007 | Change Request: 5455 |
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SUBJECT: Correction to Inpatient Psychiatric Facility Prospective Payment Facility (IPF PPS) Pricer

Effective Date: October 1, 2006

Implementation Date: April 2, 2007

I. GENERAL INFORMATION

A. Background: The Rate Year 2007 IPF Pricer effective for October 1, 2006 was not updated to include new Diagnosis Related Groups (DRGs). Although the IPF Pricer only makes a DRG adjustment on 15 DRGs, psychiatric facility claims are still grouped and receive a DRG. Prior to October 1, 2006, there were 559 DRGs. Currently there are 579. Contractors are currently holding IPF claims received that group to DRGs 560-579. These claims will be released and paid with interest once the April 2007 Pricer is in production.

The Pricer is also missing ICD-9-CM diagnosis code 238.73. This code should appear in the Oncology Comorbidity list and receive a comorbidity adjustment of 1.07. IPFs shall resubmit claims (with discharges on or after October 1, 2006 through March 31, 2007) that contain this code if the comorbidity adjustment should apply. They may resubmit their claims after April 2, 2007.

B. Policy: N/A

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | | |
|----------|---|---|-----------------------|---------------------------|----------------------------|-----------------------|-----------------------|---------------------------|-------------|--|--|-------|
| | | A / B M A C | D M M A C | F I I E R | C A R R E R | D M R R C | R E H I C | Shared-System Maintainers | | | | OTHER |
| | | | | | | F I S S | M C S | V M S | C W F | | | |
| 5455.1 | Contractors shall install and pay claims with the IPF PPS Pricer with the implementation of the April 2007 release. | X | | X | | | | X | | | | |
| 5455.1.1 | Contractors shall add condition code 15 when held IPF claims with DRGs 560 – 579 are released. | X | | X | | | | | | | | |

III. PROVIDER EDUCATION TABLE

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | | | |
|--------|--|---|--------------------------------|---------------------------|---------------------------------|-----------------------|------------------|---------------------------|-------------|-------------|--|-------|--|
| | | A / B M A C | D M E M A C | F I I E R | C A R R I E R | D M R R I | R E H I | Shared-System Maintainers | | | | OTHER | |
| | | | | | | | F I S | M C S | V M S | C W F | | | |
| 5455.2 | A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly. | X | | X | | | | | | | | | |

IV. SUPPORTING INFORMATION

A. For any recommendations and supporting information associated with listed requirements, use the box below:

Use "Should" to denote a recommendation.

| X-Ref Requirement Number | Recommendations or other supporting information: |
|--------------------------|---|
| 5455.1 & 5455.1.1 | Contractors were already instructed to hold and release with interest, claims that received Pricer return code 54 (invalid DRG) with JSM/TDL-07098. |

B. For all other recommendations and supporting information, use the space below:

V. CONTACTS

Pre-Implementation Contact(s): Sarah Shirey-Losso at (410) 786-0187

Post-Implementation Contact(s): Appropriate CMS Regional Office

VI. FUNDING

A. For TITLE XVIII Contractors, use only one of the following statements:

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

B. For Medicare Administrative Contractors (MAC), use only one of the following statements:

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). The contractor is not obligated to incur costs in excess of the amounts specified in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.