



June 7, 2007

Technical Bulletin #290A: Centers for Medicare and Medicaid Services (CMS) Medicare Payment Rules for FY2008 Corrections - Estimated FY2008 Impacts for Post-Acute Services

During the past several weeks, the Centers for Medicare and Medicaid Services (CMS) published numerous Medicare payment rules in the Federal Register affecting various service levels. Last month, the Illinois Hospital Association (IHA) published a [technical bulletin](#), highlighting the major provisions of those rules. Also included with that bulletin was an estimate of the reimbursement change from FY2007 to FY2008 as a result of the proposed rule. Since the publication of that bulletin, CMS has published corrections to those proposed rules; those corrections, as well as revised reimbursement changes, are included in this memo. In addition, this bulletin includes various facility-specific dollar impact estimates of the FY2008 Medicare payment changes for rehabilitation, psychiatry and skilled nursing providers. For impacts of regulatory changes affecting home health providers, we expect that CMS will soon be issuing an impact file for analysis of the proposed changes to Home Health Resource Groups (HHRGs) or Non-routine Medical Supplies; once that analysis is received, an estimate of the impact on your facility's Medicare home health case mix index will be sent to you.

Corrections To The Proposed FY2008 Medicare Inpatient Payment Rule:

o **Acute Inpatient:**

1. As a result of an error in the calculation of the DRG relative weights for FY2008, the standardized amounts were re-calculated; the following are the revised amounts:

Full M/B at 3.3%:	\$3,430.41 (labor) and \$1,491.27 (non-labor)
Full M/B-wage index <, = 1.0:	\$3,051.44 (labor) and \$1,870.24 (non-labor)
Reduced M/B at 1.3%:	\$3,363.99 (labor) and \$1,462.40 (non-labor)
Reduced M/B-wage index <, = 1.0:	\$2,992.36 (labor) and \$1,834.03 (non-labor)

2. The revised, proposed outlier threshold is \$22,940.
3. The revised, proposed DRG listing with relative weights and lengths of stay is attached.
4. The revised, proposed capital payment rates are \$413.73 for urban areas and \$417.12 for rural.
5. The revised, proposed out migration adjustments (by provider number) are the following:

14-0001	0.0362
14-0026	0.0288
14-0043	0.0055
14-0058	0.0125
14-0110	0.0288
14-0160	0.0302

14-0161	0.0193
14-0167	0.1055
14-0234	0.0288.

6. The revised wage indices for Illinois are as follows:

	<u>WAGE INDEX</u>			<u>GEO. ADJ.FACT.</u>		
	<u>prop. 08</u>	<u>final 07</u>	<u>reclass. 08</u>	<u>prop. 08</u>	<u>final 07</u>	<u>reclass. 08</u>
Bloomington-Normal: (McLean)	0.9488	0.9140		0.9275	0.9646	
Champaign (Champaign, Ford, Piatt)	0.9320	0.9582		0.9529	0.9712	
Chicago (Cook, DeKalb, DuPage, Grundy, Kane, Kendall, McHenry, Will)	1.0455	1.0670	1.0455	1.0309	1.0454	1.0309
Danville (Vermilion)	0.9250	0.9554		0.9480	0.9692	
Decatur (Macon)	0.8355	0.8358		0.8842	0.8844	
Kankakee (Kankakee)	1.1678	1.0021	1.1678	1.1121	1.0014	1.1121
Lake County (Lake)	1.0287	1.0651		1.0196	1.0441	
Peoria (Marshall, Peoria, Stark, Tazewell, Woodford)	0.9374	0.9126	0.9217	0.9567	0.9393	0.9457
Rock Island (Henry, Mercer, Rock Island)	0.8898	0.8836		0.9232	0.9187	
Rockford (Boone, Winnebago)	0.9659	1.0048	0.9659	0.9765	1.0033	0.9765
Springfield (Menard, Sangamon)	0.8947	0.8951		0.9266	0.9269	
St. Louis (Bond, Calhoun, Clinton, Jersey, Macoupin, Madison, Monroe, St. Clair)	0.8885	0.8998		0.9222	0.9302	
Rural	0.8355	0.8358		0.8842	0.8844	

7. Please go to the following web site addresses for more details (click to sort the Fiscal Year column in descending order):

<http://www.cms.hhs.gov/AcuteInpatientPPS/WIFN/list.asp#TopOfPage>

<http://www.cms.hhs.gov/AcuteInpatientPPS/FFD/list.asp#TopOfPage>

o **Home Health:**

1. Since publication of the proposed rule on May 4, CMS has issued a correction to the HHRG Table 5; the revised listing is attached to this memo for your reference.

o **Long-Term Care Inpatient:**

1. The following are the revised wage indices for long-term care hospital services:

Bloomington/Normal	0.8944
Champaign	0.9644

Chicago	1.0751
Danville	0.9266
Decatur	0.8172
Kankakee	1.0083
Lake County	1.0570
Peoria	0.8982
Rock Island	0.8846
Rockford	0.9989
Springfield	0.8890
St. Louis	0.9005
Rural	0.8320

➤ **FACILITY-SPECIFIC, IMPACT ESTIMATE SHEETS.**

Because CMS has issued corrected data relative to the Medicare inpatient DRG listing, revised individual acute inpatient hospital impact sheets have been created. Also, impact sheets have been produced for those hospitals that have sub-providers (rehabilitation, psychiatry or skilled nursing) that are paid under the Medicare Prospective Payment System. Each hospital report consists of two pages, and includes the following information for both FY2007 (final) and FY2008 (proposed):

- Explanation of Reports
- Estimated change in Medicare inpatient payments from FY2007 to FY2008

ATTACHMENTS:

- [Revised Table 1 Medicare base rates.](#)
- [Revised Table 5 Listing of DRG relative weights, lengths of stay and transfer rule applicability.](#)
- [Revised Proposed Home Health Resource Group Listing.](#)

IHA hopes this information is useful to you.

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