



**News Flash** – Section 3401(a) of the Patient Protection and Affordable Care Act (PPACA) imposes a 0.25 percentage point reduction to the Inpatient Prospective Payment System (IPPS) hospital's market basket for fiscal year (FY) 2010, effective for discharges on or after April 1, 2010. The reduction to the market basket will affect IPPS rates for discharges occurring on or after April 1, 2010, through September 30, 2010. Likewise, Section 3401(c) of PPACA imposes a 0.25 percentage point reduction to the Long Term Care Hospital's (LTCH) market basket for FY 2010, effective for discharges on or after April 1, 2010. The reduction to the market basket will affect LTCH rates for discharges occurring on or after April 1, 2010, through September 30, 2010. Section 3401(d) of PPACA imposes a 0.25 percentage point reduction to the Inpatient Rehabilitation Facility market basket for FY 2010, effective for discharges on or after April 1, 2010. This reduction is also resulting in changes to the standard payment conversion factor, payment rates, and the outlier threshold amount.

MLN Matters® Number: MM6910

Related Change Request (CR) #: 6910

Related CR Release Date: April 28, 2010

Effective Date: October 1, 2009

Related CR Transmittal #: R6840TN

Implementation Date: October 4, 2010

**Note:** This article was updated on November 30, 2012, to reflect current Web addresses. All other information remains unchanged.

## New Medicare Summary Notice (MSN) Message for Higher than Expected Prospective Payment System (PPS) Payments

### Provider Types Affected

This article is for providers submitting claims to Medicare contractors (Fiscal Intermediaries (FIs), A/B Medicare Administrative Contractors (A/B MACs), and/or Regional Home Health Intermediaries (RHHIs)) for services provided to Medicare beneficiaries.

### What You Need to Know

This article is based on Change Request (CR) 6910 which creates a new Medicare Summary Notice (MSN) message to explain to beneficiaries that payment greater than charges are acceptable under prospective payment systems. When Medicare sets payment prospectively, a payment unit is worked out in advance for a whole group of services that are delivered together as part of

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a single Medicare benefit. This type of payment is made instead of paying each service alone on the basis of its individual cost. Sometimes payments may be less than expected based on charges for individual services, but also, sometimes greater than expected. Consequently, CR 6910 institutes a new MSN message to briefly explain the higher-than-expected amounts under each PPS as outlined above.

## Background

The Social Security Act (Section 1806; see [http://www.ssa.gov/OP\\_Home/ssact/title18/1806.htm](http://www.ssa.gov/OP_Home/ssact/title18/1806.htm) on the Internet) requires that Medicare send its beneficiaries a statement which lists the items and services where Medicare made payment on their behalf. Some Medicare beneficiaries have been surprised by MSNs showing higher than expected payment which are less than or equal to the amounts billed for services they received. These beneficiaries receive MSNs from Medicare as a record of what the Medicare Program paid on their behalf. This also makes them aware of any related remaining financial liability, and informs them of existing appeal rights subsequent to the Medicare Program's payment decisions.

The Centers for Medicare & Medicaid Services (CMS) recognizes that these concerns are conscientious and expressed by beneficiaries who are concerned about improper Medicare expenditures. Therefore, CR 6910 creates a new MSN message to briefly explain the higher-than-expected amounts outlined above. This new MSN message will reduce related administrative costs of individual explanations as questions arise with use of an appropriate MSN message for a reminder. The definition for this new message is shown in the following table in English and Spanish:

**MSN Message #30.41**

<b>30.41</b>	<b>English</b>	<i>What Medicare pays for a service or item may be higher than the billed amount. The Medicare payment amount is correct. Medicare pays this provider less than the billed amount on other claims since payment rates are set in advance for certain services and averaged out over an entire year.</i>
	<b>Spanish</b>	<i>La cantidad que Medicare paga por un servicio o suministro puede ser mayor a la cantidad facturada. El pago de Medicare es correcto. Medicare le paga a este proveedor menos de la cantidad facturada para otras reclamaciones, debido a que los índices de pago se establecen por anticipado para ciertos servicios y se promedian para el año.</i>

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## Additional Information

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The official instruction, CR 6910, issued to your FI, A/B MAC, and RHHI regarding this change may be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R6840TN.pdf> on the CMS website. If you have any questions, please contact your FI, A/B MAC, or RHHI at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

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