

section. An extraordinary situation may be due to, but is not limited to, fires, floods, earthquakes, or similar unusual events that inflict extensive damage to an inpatient rehabilitation facility. An extraordinary situation may be one that produces a data transmission problem that is beyond the control of the inpatient rehabilitation facility, as well as other situations determined by CMS to be beyond the control of the inpatient rehabilitation facility."

Lastly, we proposed that "an extraordinary situation must be fully documented by the inpatient rehabilitation facility."

*Comment:* The comments we received supported the proposed revision.

*Response:* We are adopting the proposed change as final without modification.

#### *H. General Information Regarding the IRF-PAI Assessment Process*

We have received many questions regarding the IRF-PAI assessment process policies. We have posted the answers to most of these questions on the IRF PPS Web site.

##### 1. The IRF PPS Web Site Address

The current Internet address for the IRF PPS Web site is <http://www.cms.hhs.gov/providers/irfpps/>. Due to changes in CMS' Internet policies during 2002, the current website address is different from the one we published in the August 7, 2001 final rule.

##### 2. Exceptions to the IRF-PAI Admission and Discharge Assessment Time Period General Rules

Section 412.610(c)(1)(i) states the general rule that the time span covered during the admission assessment is calendar days 1 through 3 of the patient's current Medicare Part A fee-for-service IRF hospitalization. Section 412.610(c)(2)(i) states the general rule that the discharge assessment time period is a span of time that covers 3 calendar days, which includes the inpatient's discharge date, which is the same date as the discharge assessment reference date, and the 2 calendar days before the discharge date. We want to remind IRFs that, as specified in § 412.610(c)(1)(ii) and § 412.610(c)(2)(iii), we may use the IRF-PAI item-by-item guide and other instructions to identify items that have a different admission or discharge assessment time period. We may specify different admission and discharge assessment time periods in order to capture patient information for payment and quality of care monitoring objectives appropriately.

*Miscellaneous Comments:* We received several comments regarding IRF PPS implementation operational issues. For example, some commenters requested that we post on the IRF PPS website the questions asked of the IRF PAI Help Desk and the associated answers. Some commenters requested that we revise the instructions in the IRF-PAI manual regarding the coding of the patient during the discharge assessment. Some commenters requested that CMS publish a list of all the ICD-9-CM codes associated with every impairment group. Some commenters requested that we synchronize the discharge codes used in IRF-PAI with the patient status codes used in the claim data. Some commenters requested that we synchronize the methodology used to determine the IRF-PAI etiologic diagnosis code with the methodology used to determine the principal or admitting diagnosis on the claim.

*Response:* These comments are related to functions that are administrative and operational and are not specifically related to our proposed changes to the IRF PPS. We will take these comments into consideration as we continue to refine implementation of the IRF PPS.

#### **V. Patient Classification System for the IRF PPS**

As previously stated, in this final rule we are adopting the same case-mix classification system that was set forth in the August 7, 2001 final rule. It is our intention to pursue the development of possible refinements to the case-mix classification system that will continue to improve the ability of the PPS to accurately pay IRFs. We have awarded a contract to the RAND Corporation (RAND) to conduct additional research that will, in the initial stages, provide us with the data necessary to address the feasibility of developing and proposing refinements. When the study has been completed, we plan to review various approaches so that we can propose an appropriate methodology to develop and apply refinements. Any specific refinement proposal resulting from this research will be published in the **Federal Register**.

Table 1.—Relative Weights for Case-Mix Groups (CMGs) in the Addendum to this final rule presents the CMGs, the comorbidity tiers, and the corresponding Federal relative weights. We also present the average length of stay for each CMG. As we discussed in the August 7, 2001 final rule (66 FR 41353), the average length of stay for each CMG, along with the discharge destination, is used to determine when

an IRF discharge meets the definition of a transfer, which results in a per diem case level adjustment (66 FR 41354). Because these data elements are not changing as a result of this final rule, Table 1 in this final rule is identical to Table 1 that was published in the August 7, 2001 final rule (66 FR 41394 through 41396). The relative weights reflect the inclusion of cases with an interruption of stay (patient returns on day of discharge or either of the next 2 days). The methodology we used to construct the data elements in Table 1 is described in detail in the August 7, 2001 final rule (66 FR 41350 through 41353).

#### **VI. Fiscal Year 2004 Federal Prospective Payment Rates**

##### *A. Expiration of the IRF PPS Transition Period*

Section 1886(j)(1) of the Act and § 412.626 of the regulations provides that the transition period for IRFs expires for cost reporting periods beginning on or after October 1, 2002 (FY 2003 and beyond). Accordingly, the payment for discharges during FY 2004 will be based entirely on the adjusted FY 2004 IRF Federal PPS rates in this final rule.

##### *B. Description of the IRF Standardized Payment Amount*

In the August 7, 2001 final rule, we established a standard payment amount referred to as the budget neutral conversion factor under § 412.624(c). In accordance with the methodology described in § 412.624(c)(3)(i), the budget neutral conversion factor for FY 2002, as published in the August 7, 2001 final rule, was \$11,838.00. Under § 412.624(c)(3)(i), this amount reflects, as appropriate, any adjustments for outlier payments, budget neutrality, and coding and classification changes as described in § 412.624(d).

The budget neutral conversion factor is a standardized payment amount and the amount reflects the budget neutrality adjustment for FY 2002, as described in § 412.624(d)(2). The statute requires a budget neutrality adjustment only for FYs 2001 and 2002. Accordingly, we believe it is more consistent with the statute to refer to the standardized payment as the standardized payment conversion factor, rather than refer to it as a budget neutral conversion factor.

As we proposed in the May 16, 2003 proposed rule, after careful consideration, in this final rule we are changing all references to the budget neutral conversion factor in §§ 412.624(c) and 412.624(d) to the