

Medicare program among various classifications of IRFs. Chart 1 assumes the middle estimate that 35 percent of joint replacement cases meet the proposed criteria. The columns in Chart 1—Projected Impact of the Proposed Changes to the 75 percent Rule on the Medicare Program are defined as follows:

- The first column, Facility Classification, identifies the type of facility. Where data were not available to classify an IRF into a category, the IRF was identified as “missing” in the first column.
- The second column identifies the number of facilities for each classification type.
- The third column lists the estimated number of Medicare cases admitted to IRFs under the existing policies. We estimated the number of Medicare cases from 8 months worth of post-IRF PPS data (the available data at the time the analysis was done) to represent an annual number of Medicare cases.
- The fourth column, Ratio of Medicare Cases Not Admitted, represents an estimate of the percentage of Medicare cases that would no longer be treated in an IRF due to the proposed policies set forth in this proposed rule.
- The fifth column represents the Ratio of All Setting Cost/Savings to IRF

Medicare Payments. To estimate this amount we divide the All Setting Cost/Saving in Millions in column six by the Current IRF Medicare Payments in Millions in column eight.

- The sixth column, All Setting Cost/Saving in Millions, indicates the savings impact to the Medicare program. To estimate the savings, we consider that some Medicare cases would possibly be treated in other settings and those settings would be paid accordingly. The following steps illustrate how we estimate this amount.

- Step 1—First we estimate the number of Medicare cases that may not be admitted to IRFs by multiplying the percentage in column four, Ratio of Medicare Cases Not Admitted, by the Total Medicare Cases reflected in column three.

- Step 2—We then take the number of cases calculated in the Step 1 and multiply these cases by \$12,525 (the standardized FY 2004 payment amount) to determine the estimated Medicare impact to IRFs.

- Step 3—Then we estimate the amount of Medicare payments that these cases may generate in other settings. Specifically, we multiply \$7,000 by the number of Medicare cases estimate in the Step 1 (the number of Medicare cases that may not be admitted to IRFs).

- Step 4—Then we subtract the total amount calculated in Step 3 by the total amount calculated in Step 2 in order to estimate the total savings to the Medicare program.

- The seventh column, IRF Medicare Payment Impact in Millions, shows the estimated Medicare impact specific to IRFs. We calculate this estimate by multiplying the percentage of Medicare cases that will not be admitted shown in column four by the Total Medicare Cases shown in Column three and determine the number of Medicare cases that will not be admitted to IRFs. We then take the total number of Medicare cases that will not be admitted to IRFs and multiply it by \$12,525 to estimate column seven, IRF Medicare Payment Impact in Millions.

- The eighth column, Current IRF Medicare Payments in Millions, is the number of Medicare cases reflected in column three multiplied by \$12,525.

- The ninth column, Projected IRF Medicare Payments in Millions, reflects the estimate of the total Medicare payments IRFs may receive as a result of the policies set forth in this proposed rule. This amount is calculated by subtracting the estimate of the IRF Medicare Payment Impact in Millions (column seven) from the estimate of the Current IRF Medicare Payments in Millions (column eight).

CHART 1.—PROJECTED IMPACT OF THE PROPOSED CHANGES TO THE 75 PERCENT RULE ON THE MEDICARE PROGRAM

Facility classification	Total number of IRF	Total Medicare cases	Ratio of Medicare cases not admitted	Ratio of all setting cost/saving to IRF Medicare payments	In millions			
					All setting cost/saving	IRF Medicare payment impact	Current IRF Medicare payments	Projected IRF Medicare payments
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
Total	1,170	459,682	4%	–2%	–98	–223	5,758	5,534
Census:								
1: New England	38	20,133	6%	–3%	–7	–16	252	236
2: Middle Atlantic	170	87,639	7%	–3%	–35	–80	1,098	1,018
3: South Atlantic	143	75,808	2%	–1%	–10	–23	949	926
4: East North Central	220	74,361	3%	–1%	–13	–29	931	903
5: East South Central	66	35,764	3%	–1%	–6	–13	448	435
6: West North Central	99	26,672	2%	–1%	–2	–6	334	328
7: West South Central	235	87,206	4%	–2%	–17	–39	1,092	1,054
8: Mountain	78	24,522	5%	–2%	–7	–17	307	290
9: Pacific	121	27,577	0%	–0%	0	–1	345	344
Free Standing/Unit Facility:								
Free	214	165,593	5%	–2%	–49	–111	2,074	1,963
Unit	956	294,089	3%	–1%	–50	–113	3,683	3,571
Teaching Status:								
Missing	180	37,039	3%	–2%	–7	–16	464	448
Non-teaching	845	344,216	4%	–2%	–70	–158	4,311	4,154
Teaching	145	78,427	5%	–2%	–22	–50	982	933
DSH:								
<0.05	226	80,921	5%	–2%	–23	–51	1,014	962
>=0.2	145	45,549	2%	–1%	–4	–9	571	562
0.05–0.1	339	161,550	5%	–2%	–41	–92	2,023	1,932
0.1–0.2	313	143,173	3%	–1%	–26	–60	1,793	1,734
Missing	147	28,489	3%	–1%	–5	–12	357	345
Facility Control:								
Government	135	38,942	2%	–1%	–4	–9	488	478
Missing	76	10,264	4%	–2%	–2	–5	129	123
Proprietary	259	140,311	5%	–2%	–40	–90	1,757	1,667
Voluntary	700	270,165	3%	–2%	–52	–118	3,384	3,266