

Part A Method II Overview for CAHs

Previously, if a Critical Access Hospital (CAH) chose to be paid under the optional method (Method II), it was required to make that election on an annual basis. However, in the Fiscal Year (FY) 2011 Inpatient Prospective Payment System (IPPS) Final Rule, CMS changed the regulations for the optional method election. Effective for cost reporting periods beginning on or after October 1, 2010:

- If a CAH elects the optional method in its most recent cost reporting period beginning before October 1, 2010, that election remains in place until the CAH submits a termination request to its Medicare Administrative Contractor (MAC). **CAHs will no longer be required to make an annual election.**
- If a CAH chooses to make a change or terminate its optional method election, the CAH will need to notify its MAC in writing at least 30 days prior to the start of the next cost reporting period.

More information concerning method selection changes can be found in the MLN Matters® article MM7404:

<http://www.cms.gov/MLNMattersArticles/downloads/MM7404.pdf>

Submission of Letter

CAHs wishing to make a new election or change a previous election should notify TrailBlazer® in writing at the addresses listed below:

Mailing Address

TrailBlazer Health Enterprises, LLC
Medicare Part A
Home Office Team Director
Provider Audit and Reimbursement
P.O. Box 660263
Dallas, TX 75266-0263

Physical Address

TrailBlazer Health Enterprises, LLC
Medicare Part A
Home Office Team Director
Provider Audit and Reimbursement
8330 LBJ Freeway, Executive Center III
Dallas, TX 75243-1213

Individual Practitioners

The individual practitioner must certify that he is reassigning his billing rights to that CAH. The reassignment will remain in effect for that entire cost reporting period.

The individual practitioner must certify, using the CMS-855R form, if he wishes to reassign his billing rights. The CAH must then forward a copy of the 855R to the MAC. The practitioner must sign an attestation that clearly states that the practitioner will not bill the MAC for any

services rendered at the CAH once the reassignment has been given to the CAH. This attestation will remain at the CAH.

Calculations for Method II

Under Method II a CAH will receive payment from its MAC for professional services furnished in that CAH's outpatient department.

The MAC will use the Medicare Physician Fee Schedule (MPFS) to pay the physician/professional services rendered in a CAH that elected the all-inclusive method.

The MAC will pay 115 percent of whatever Medicare would pay on the physician fee schedule.

For a non-participating physician service, a CAH must place modifier AK on the claim. The MAC should pay 95 percent of the payment amount for non-participating physician services.

Non-physician practitioners will be paid 115 percent of the allowable amount under the physician fee schedule.

For facility services rendered to outpatients, the MAC will pay the amount equal to the lesser of 80 percent of 101 percent of the reasonable costs, or 101 percent of the outpatient services less applicable Part B deductibles and coinsurance.