



Payment Adjustments Under the IPPS and OPSS for Domestic NIOSH-Approved Surgical N95 Respirators

Effective January 1, 2023

Background: Given the importance of NIOSH-approved surgical N95 respirators in protecting hospital personnel and beneficiaries from the SARS-CoV-2 virus and future respiratory pandemic illnesses, CMS considered it appropriate to provide payment adjustments to hospitals to recognize the additional resource costs they incur to acquire NIOSH-approved surgical N95 respirators that are wholly domestically made. CMS states that NIOSH-approved surgical N95 respirators, which faced severe shortage at the onset of the COVID-19 pandemic, are essential for the protection of patients and hospital personnel that interface with patients. We indicated that procurement of NIOSH-approved surgical N95 respirators that are wholly domestically made, while critical to pandemic preparedness and protecting health care workers and patients, can result in additional resource costs for hospitals.

Step 1: Collect additional information on the new supplemental cost reporting form. To determine the IPPS and OPSS payment adjustments.

Step 2: Calculate a hospital-specific unit cost differential between domestic and non-domestic NIOSH-approved surgical N95 respirators.

Step 3: Calculate a total cost differential for the purchase of domestic NIOSH-approved surgical N95 respirators. The next step in the proposed payment adjustment calculation is determining the total cost differential for the purchase of domestic NIOSH approved surgical N95 respirators. This amount represents the total additional costs the hospital incurred by purchasing domestic NIOSH-approved surgical N95 respirators over purchasing non-domestic NIOSH-approved surgical N95 respirators. We proposed to calculate this amount by multiplying the hospital-specific unit cost differential calculated in Step 2 by the total quantity of domestic NIOSH Approved surgical N95 respirators purchased reported in Step 1.

Step 4: Determine IPPS and OPSS share of total hospital costs. The total cost differential calculated in Step 3 is reflective of all domestic NIOSH-approved surgical N95 respirators used throughout the hospital while treating all patients. This total cost differential needs to be disaggregated to estimate the additional costs incurred by purchasing domestic NIOSH-approved surgical N95 respirators used in treating patients receiving services paid under IPPS and OPSS, specifically. To apportion the total cost differential to the IPPS and OPSS services, we proposed to use cost data already reported on the hospital cost report.

Step 5: Determine IPPS and OPSS Payment Adjustment for Domestic NIOSH-Approved Surgical N95 Respirators.

$$\text{OPSS/IPPS Payment Adjustment} = \text{IPPS Cost Share (Step 4)} \times \text{Total Cost Differential (Step 3)}$$

As described previously, these calculated payment adjustments would be reconciled against interim lump-sum payments received by the hospital for this policy. Final payment is made via a provider cost report or the optional bi-weekly lump sum payment.



BEST QUALITY

Made with USA RAW Materials



USA JOBS

100% Made in the USA



GUARANTEED

EVERY Mask gets Inspected



FAST SHIPPING

Stock Orders Ship in 24 Hours



MADE IN U.S.A.



ALTOR SAFETY

855.378.5055 • altorsafety.com

711 Executive Boulevard, Suite C, Valley Cottage NY 10989



Mock N95 Supplemental Cost Reporting Form

Line Description	Data Source	Value
Line 1: Total quantity of domestic NIOSH-approved surgical N95 respirators purchased by hospital.	Entered by hospital on new form.	150,000
Line 2: Total aggregate cost of domestic NIOSH-approved surgical N95 respirators purchased by hospital.	Entered by hospital on new form.	\$112,500
Line 3: Total quantity of non-domestic NIOSH-approved surgical N95 respirators purchased by hospital.	Entered by hospital on new form.	150,000
Line 4: Total aggregate cost of non-domestic NIOSH-approved surgical N95 respirators purchased by hospital .	Entered by hospital on new form.	\$82,500
Line 5: Total costs for all inpatient routine services, ancillary services, outpatient services, and other reimbursable services	Worksheet C Part I, line 202 column 5.	\$100,000,000
Line 6: Total Medicare Part A hospital inpatient costs	Worksheet D-1 Part II, line 49, column 5.	\$20,000,000
Line 7: Total Medicare Part B hospital outpatient costs	Worksheet D Part V, line 202, column 5 + column 6 + column 7.	\$10,000,000
Line 8: Average unit cost of domestic NIOSH-approved surgical N95 respirators purchased.	Calculation: Line 2 / Line 1. If line 1 is equal to 0, then set value to 0.	\$0.75
Line 9: Average unit cost of non-domestic NIOSH-approved surgical N95 respirators purchased.	Calculation: Line 4 / Line 3. If Line 3 is equal to 0, then set value to 0.	\$0.55
Line 10: Difference in average unit cost of domestic and non-domestic NIOSH-approved surgical N95 respirators purchased.	Calculation: Line 8 - Line 9. If value is less than 0, then set value to 0.	\$0.20
Line 11: Total cost differential for purchasing domestic NIOSH-approved surgical N95 respirators.	Calculation: Line 1 * Line 10.	\$30,000
Line 12: Medicare Part A hospital inpatient cost share.	Calculation: Line 6 / Line 5.	0.20
Line 13: Medicare Part B hospital outpatient cost share.	Calculation: Line 7 / Line 5.	0.10
Line 14: IPPS Payment Adjustment for Domestic NIOSH-Approved Surgical N95 Respirators.	Calculation: Line 11 * Line 12.	\$6,000
Line 15: OPSS Payment Adjustment for Domestic NIOSH-Approved Surgical N95 Respirators.	Calculation: Line 11 * Line 13.	\$3,000



BEST QUALITY
Made with USA RAW Materials



USA JOBS
100% Made in the USA



GUARANTEED
EVERY Mask gets Inspected



FAST SHIPPING
Stock Orders Ship in 24 Hours



MADE IN U.S.A.



ALTOR SAFETY

855.378.5055 • altorsafety.com

711 Executive Boulevard, Suite C, Valley Cottage NY 10989