New Payment Adjustments for Domestic N95 Respirators

Related CR Release Date: February 2, 2023 MLN Matters Number: MM13052

Effective Date: January 1, 2023 Related Change Request (CR) Number: CR 13052

Implementation Date: July 3, 2023 Related CR Transmittal Number: R11836CP

Related CR Title: New Bi-weekly Interim Payments for Domestic N95 Respirator Procurement Cost Reimbursement

Affected Providers

- Hospitals
    - Other providers billing Medicare for services under the Inpatient Prospective Payment System (IPPS) and or Outpatient Prospective Payment System (OPPS)

Action Needed

Make sure your reimbursement staff knows about these cost reporting period changes and documentation requirements starting January 1, 2023:

- New payment adjustments for domestic National Institute for Occupational Safety and Health (NIOSH)-approved surgical N95 respirators
- Biweekly interim lump-sum payments

Background

Under OPPS & IPPS policy, CMS is providing payment adjustments to hospitals for NIOSH-approved surgical N95 respirator cost differential. The payments may be provided as biweekly as interim lump-sum payments. We'll base the payment adjustments on the estimated difference in the reasonable cost incurred by the hospital for domestic NIOSH-approved surgical N95 respirators purchased during the cost reporting period as compared to other NIOSH-approved surgical N95 respirators purchased during the cost reporting period.

The payment adjustments apply to cost reporting periods beginning on or after January 1, 2023.

Interim biweekly payments will be reconciled on the cost report at the time of settlement. Any IPPS and or OPPS provider that purchased domestic NIOSH-approved surgical N95 respirators can request these biweekly interim lump-sum payments for an applicable cost reporting period, as provided under 42 CFR 413.64 and 42 CFR 412.116(c).

Initially, MACs will determine an interim lump-sum biweekly payment amount based on

information the hospital submits that reflects the cost differential that will be included on the N95 supplemental cost reporting form. (Refer to the CY 2023 OPPS/ASC final rule CMS-1772-FC), Table 70: Mock N95 Supplemental Cost Reporting Form.)

The provider should submit a similar type worksheet/form with supporting documentation to their MAC if they elect to get interim payments. For a subsequent cost reporting period (a period after the initial cost reporting period), interim biweekly lump-sum payments will be determined using information from the prior year's surgical N95 supplemental cost reporting form, which we may adjust as appropriate based on the most current information available needed for rate reviews.

Your MAC determines the payment amounts consistent with existing policies and procedures for biweekly payments (for example, consistent with the current policies for medical education costs, bad debts for uncollectible deductibles and coinsurance, and other passthrough costs which we pay on interim biweekly bases).

To calculate and reconcile the payment adjustment for each eligible cost reporting period, we'll add a new supplemental worksheet into the hospital cost reporting form to gather necessary information. We'll use that information with other information already collected on the hospital cost report to calculate the IPPS and OPPS payment adjustment amounts.

In order for the domestic NIOSH-approved surgical N95 respirators purchased during a cost reporting period to be reimbursable by Medicare, it must be wholly made in the United States. That is, based on the Berry Amendment, the respirator and all of its components are grown, reprocessed, reused, or produced in the United States. In the CY 2023 OPPS/ASC final rule (CMS-1772-FC), we indicated that a hospital may rely on a written statement from the manufacturer stating that the NIOSH-approved surgical N95 respirator the hospital purchased is domestic under our definition. The written statement must have been certified by 1 of the following:

- The manufacturer's Chief Executive Officer (CEO)
- The manufacturer's Chief Operating Officer (COO)
- An individual who has delegated authority to sign for, and who reports directly to, the manufacturer's CEO or COO

The written statement, or a copy of such statement, could be obtained by the hospital directly from the manufacturer, obtained through the supplier or Group Purchasing Organization (GPO) for the hospital who obtained it from the manufacturer, or obtained by the hospital because it was included with or printed on the packaging by the manufacturer. This written statement may be required to substantiate the data you included on the supplemental cost reporting form.

More Information

We issued CR 13052 to your MAC as the official instruction for this change.

For more information, find your MACs' website.