weighting factors, the unadjusted Federal per discharge payment rates, additional payments for outliers and special payments, and the area wage index.

§ 412.632 Method of payment under the inpatient rehabilitation facility prospective payment system.

(a) General rule. Subject to the exceptions in paragraphs (b) and (c) of this section, an inpatient rehabilitation facility receives payment under this subpart for inpatient operating costs and capital-related costs for each discharge only following submission of a discharge bill.

(b) Periodic interim payments—(1) Criteria for receiving periodic interim payments. (i) An inpatient rehabilitation facility receiving payment under this subpart may receive periodic interim payments (PIP) for Part A services under the PIP method subject to the provisions of §413.64(h) of this subchapter.

(ii) To be approved for PIP, the inpatient rehabilitation facility must meet the qualifying requirements in §413.64(h)(3) of this subchapter.

(iii) Payments to a rehabilitation unit are made under the same method of payment as the hospital of which it is a part as described in §412.116.

(iv) As provided in §413.64(h)(5) of this chapter, intermediary approval is conditioned upon the intermediary’s best judgment as to whether payment can be made under the PIP method without undue risk of its resulting in an overpayment to the provider.

(2) Frequency of payment. For facilities approved for PIP, the intermediary estimates the inpatient rehabilitation facility’s Federal prospective payments net of estimated beneficiary deductibles and coinsurance and makes biweekly payments equal to 1/26 of the total estimated amount of payment for the year. If the inpatient rehabilitation facility has payment experience under the prospective payment system, the intermediary estimates PIP based on that payment experience, adjusted for projected changes supported by substantiated information for the current year. Each payment is made 2 weeks after the end of a biweekly period of service as described in §413.64(h)(6) of this subchapter. The interim payments are reviewed at least twice during the reporting period and adjusted if necessary. Fewer reviews may be necessary if an inpatient rehabilitation facility receives interim payments for less than a full reporting period. These payments are subject to final settlement.

(3) Termination of PIP. (i) Request by the inpatient rehabilitation facility. Subject to the provisions of paragraph (b)(1)(iii) of this section, an inpatient rehabilitation facility receiving PIP may convert to receiving prospective payments on a non-PIP basis at any time.

(ii) Removal by the intermediary. An intermediary terminates PIP if the inpatient rehabilitation facility no longer meets the requirements of §413.64(h) of this chapter.

(c) Interim payments for Medicare bad debts and for Part A costs not paid under the prospective payment system. For Medicare bad debts and for costs of an approved education program and other costs paid outside the prospective payment system, the intermediary determines the interim payments by estimating the reimbursable amount for the year based on the previous year’s experience, adjusted for projected changes supported by substantiated information for the current year, and makes biweekly payments equal to 1/26 of the total estimated amount. Each payment is made 2 weeks after the end of a biweekly period of service as described in §413.64(h)(6) of this chapter. The interim payments are reviewed at least twice during the reporting period and adjusted if necessary. Fewer reviews may be necessary if an inpatient rehabilitation facility receives interim payments for less than a full reporting period. These payments are subject to final cost settlement.

(d) Outlier payments. Additional payments for outliers are made on an interim basis. The outlier payments are made based on the submission of a discharge bill and represent final payment.

(e) Accelerated payments—(1) General rule. Upon request, an accelerated payment may be made to an inpatient rehabilitation facility that is receiving payment under this subpart and is not
receiving PIP under paragraph (b) of
this section if the inpatient rehabilita-
tion facility is experiencing financial
difficulties because of the following:
(i) There is a delay by the inter-
mediary in making payment to the in-
patient rehabilitation facility.
(ii) Due to an exceptional situation,
there is a temporary delay in the inpa-
tient rehabilitation facility’s prepara-
tion and submittal of bills to the inter-
mediary beyond its normal billing
cycle.

(2) Approval of payment. An inpatient
rehabilitation facility’s request for an
accelerated payment must be approved
by the intermediary and us.

(3) Amount of payment. The amount
of the accelerated payment is computed
as a percentage of the net payment for
unbilled or unpaid covered services.

(4) Recovery of payment. Recovery of
the accelerated payment is made by
recoupment as inpatient rehabilitation
facility bills are processed or by direct
payment by the inpatient rehabilita-
tion facility.

PART 413—PRINCIPLES OF REA-
SONABLE COST REIMBURSEMENT;
PAYMENT FOR END-STAGE
RENAL DISEASE SERVICES; OP-
TIONAL PROSPECTIVELY DETER-
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