

Section 124 of the BBRA, Pub.L. 106-113

STATUTORY AUTHORITY

Section 124 of the BBRA, Pub.L. 106-113, required the development of an inpatient psychiatric PPS, a report to the Congress, and implementation. The law is reproduced below.

Sec. 124. PER DIEM PROSPECTIVE PAYMENT SYSTEM FOR PSYCHIATRIC HOSPITALS

(a) DEVELOPMENT OF SYSTEM-

(1)IN GENERAL.-The Secretary of Health and Human Services shall develop a **per diem prospective payment system** for payment for inpatient hospital services of psychiatric hospitals and units (as defined in paragraph (3)) under the Medicare program. Such system shall include an **adequate patient classification system that reflects the differences in patient resource use and costs among such hospitals** and shall maintain budget neutrality.

(2)COLLECTION OF DATA AND EVALUATION.-In developing the system described in paragraph (1), the Secretary may require such psychiatric hospitals and units to **submit such information to the Secretary as the Secretary may require to develop the system.**

(3)DEFINITION.-In this section, the term “psychiatric hospitals and units” means a psychiatric hospital described in clause (i) of section 1886(d)(1)(B) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(B)) and psychiatric units described in the matter following clause (v) of such section.

(b)REPORT.-**Not later than October 1, 2001, the Secretary shall submit to the appropriate committees of Congress a report** that includes a description of the system developed under subsection (a)(1).

(c)IMPLEMENTATION OF PROSPECTIVE PAYMENT SYSTEM.-Notwithstanding section 1886(b)(3) of the Social Security Act (42 U.S.C. 1395ww(b)(3), **the Secretary shall provide, for cost reporting periods beginning on or after October 1, 2002, for payments for inpatient hospital services furnished by psychiatric hospitals and units under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) in accordance with the prospective payment system** established by the Secretary under this section in a budget neutral manner.

(Emphasis added).