

TABLE VIII.—PROJECTED IMPACT REFLECTING THE FULLY PHASED-IN PROPOSED PROSPECTIVE PAYMENTS—Continued
[FY 2003 Payments Compared to Proposed 2004 LTCH Prospective Payment System Rate Year Payments]

LTCH classification	Number of LTCHs	Number of LTCH cases	Average Federal FY 2003 payment per case ¹	Average proposed 2004 LTCH prospective payment system rate year payment per case ²	Percent change
By Census Region:					
New England	16	9,609	21,094	20,937	-0.7
Middle Atlantic	15	4,162	28,982	29,622	2.2
South Atlantic	23	7,051	30,441	31,329	2.9
East North Central	48	12,145	28,356	28,860	1.8
East South Central	14	3,722	28,561	28,523	-0.1
West North Central	16	3,769	26,347	27,094	2.8
West South Central	87	33,971	24,560	25,363	3.3
Mountain	19	2,993	26,529	27,705	4.4
Pacific	12	5,203	33,836	34,369	1.6
By Bed Size:					
Beds: 0–24	21	3,073	27,130	28,027	3.3
Beds: 25–49	98	24,386	27,954	28,153	0.7
Beds: 50–74	27	9,310	27,556	27,665	0.4
Beds: 75–124	35	16,432	26,222	27,321	4.2
Beds: 125–199	21	13,838	24,945	25,564	2.5
Beds: 200+	11	9,518	25,041	26,099	4.2
Unknown	37	6,068	23,354	24,095	3.2

¹ Average payment per case for the 12-month period of October 1, 2002 through September 30, 2003.

² Average payment per case for the 12-month period of July 1, 2003 through June 30, 2004.

4. Results

We have prepared the following summary of the impact (as shown in Table VII.) of the LTCH PPS set forth in this proposed rule.

a. Location

The majority of LTCHs are in urban areas. Approximately 3 percent of the LTCHs are identified as being located in a rural area, and approximately 3 percent of all LTCH cases are treated in these rural hospitals. Impact analysis in Table VII. shows that the percent change in estimated payments per discharge for FY 2003 compared to the proposed 2004 LTCH PPS rate year for rural LTCHs would be 1.0 percent, and would be 1.1 percent for urban LTCHs. Large urban LTCHs are projected to experience a 1.1 percent increase in payments per discharge percent from FY 2003 compared to the proposed 2004 LTCH PPS rate year, while other urban LTCHs projected to experience a 1.3 percent increase in payments per discharge percent from FY 2003 compared to the proposed 2004 LTCH PPS rate year. (See Table VII.)

b. Participation Date

LTCHs are grouped by participation date into three categories: (1) Before October 1983; (2) between October 1983 and September 1993; and (3) after October 1993. We did not have sufficient OSCAR data on 9 LTCHs,

which we labeled as an “Unknown” category. The majority, approximately 58 percent, of the LTCH cases are in hospitals that began participating after October 1993 and are projected to experience a 1.3 percent increase in payments per discharge percent from FY 2003 compared to the proposed 2004 LTCH PPS rate year. Approximately 11 percent of the cases are in LTCHs that began participating in Medicare before October 1983 and are projected to experience a 1.0 percent increase in payments per discharge percent from FY 2003 compared to the proposed 2004 LTCH PPS rate year. (See Table VII.)

c. Ownership Control

LTCHs are grouped into three categories based on ownership control type—(1) voluntary; (2) proprietary; and (3) government.

Approximately 25 percent of LTCHs are government run and we expect that voluntary LTCHs would “gain” the most from the proposed changes based on our projection that they would experience a 1.4 percent increase in payments per discharge from FY 2003 compared to the proposed 2004 LTCH PPS rate year. Government and proprietary LTCHs are projected to experience a 0.8 percent and 1.1 percent increase in payments per discharge percent from FY 2003 compared to the proposed 2004 LTCH PPS rate year, respectively. (See Table VII.)

d. Census Region

LTCHs located in most regions are expected to experience an increase in payments per discharge percent from FY 2003 compared to the proposed 2004 LTCH PPS rate year. Specifically, of the nine census regions, we expect that LTCHs in the Mountain region would experience the largest percent increase in payments per discharge percent from FY 2003 compared to the proposed 2004 LTCH PPS rate year (1.9 percent). We expect LTCHs in the East South Central region would experience the smallest percent increase in payments per discharge percent from FY 2003 compared to the proposed 2004 LTCH PPS rate year (0.6 percent). (See Table VII.)

e. Bed Size

LTCHs were grouped into six categories based on bed size—0–24 beds, 25–49 beds, 50–74 beds, 75–124 beds, 125–199 beds, and 200+ beds. We did not have sufficient OSCAR data on 1 LTCH, which we labeled as an “Unknown” category.

The percent increase in payments per discharge percent from FY 2003 compared to the proposed 2004 LTCH PPS rate year are projected to increase for all bed size categories. Most LTCHs were in bed size categories where the percent increase in payments per discharge from FY 2003 compared to the proposed 2004 LTCH PPS rate year is