

The second category of nonmonotonically increasing relative weights for proposed LTC-DRG pairs with and without CCs consists of 5 pairs of proposed LTC-DRGs that has fewer than 25 cases, and each proposed LTC-DRG would be grouped to different proposed low volume quintiles in which the "without CC" proposed LTC-DRG would be in a higher-weighted proposed low volume quintile than the "with CC" proposed LTC-DRG. For those pairs, in accordance with the methodology established in the August 30, 2002 LTCH PPS final rule (67 FR 55990-55991), we combine the LTCH cases and determine the case-weighted average charge for all LTCH cases. The case-weighted average charge is determined by dividing the total charges for all LTCH cases by the total number of LTCH cases for the combined proposed LTC-DRG. Based on the case-weighted average LTCH charge, we determine which proposed low volume quintile the "combined proposed LTC-DRG" would be grouped. Both proposed LTC-DRGs in the pair are then grouped into the same proposed low volume quintile, and thus would have the same proposed relative weight. For the FY 2004, in this proposed rule, we are proposing that the following proposed LTC-DRGs would be in this category: Proposed LTC-DRGs 31 and 32 (proposed low volume quintile 3); proposed LTC-DRGs 193 and 194 (proposed low volume quintile 2); proposed LTC-DRGs 493 and 494 (proposed low volume quintile 4); proposed LTC-DRGs 497 and 498 (proposed low volume quintile 3); and proposed LTC-DRGs 506 and 507 (proposed low volume quintile 2).

The third category of nonmonotonically increasing relative weights for proposed LTC-DRG pairs with and without CCs consists of 5 pairs of proposed LTC-DRGs where one of the proposed LTC-DRGs has fewer than 25 LTCH cases and is grouped to a proposed low volume quintile and the other proposed LTC-DRG has 25 or more LTCH cases and has its own proposed LTC-DRG relative weight, and the proposed LTC-DRG "without CCs" has the higher proposed relative weight. In accordance with the methodology established in the August 30, 2002 LTCH PPS final rule (67 FR 55990 and

55991), we remove the proposed low volume LTC-DRG from the proposed low volume quintile and combine it with the other proposed LTC-DRG for the computation of a new proposed relative weight for each of these proposed LTC-DRGs. This new proposed relative weight is assigned to both proposed LTC-DRGs, so they each have the same proposed relative weight. For FY 2004, in this proposed rule, we are proposing the following proposed LTC-DRGs would be in this category: Proposed LTC-DRGs 94 and 95; proposed LTC-DRGs 170 and 171; proposed LTC-DRGs 265 and 266; proposed LTC-DRGs 346 and 347; and proposed LTC-DRGs 478 and 479.

Step 6—Determine a proposed FY 2004 LTC-DRG relative weight for LTC-DRGs with no LTCH cases. As we stated above, we determine the proposed relative weight for each proposed LTC-DRG using charges reported in the December 2002 update of the FY 2002 MedPAR file. Of the 518 proposed LTC-DRGs for FY 2004, we identified 164 proposed LTC-DRGs for which there were no LTCH cases in the database. That is, based on data from the FY 2002 MedPAR file used in this proposed rule, no patients who would have been classified to those proposed LTC-DRGs were treated in LTCHs during FY 2002 and, therefore, no charge data were reported for those proposed LTC-DRGs. Thus, in the process of determining the proposed LTC-DRG relative weights, we are unable to determine proposed weights for these 164 proposed LTC-DRGs using the methodology described in steps 1 through 5 above. However, since patients with a number of the diagnoses under these proposed LTC-DRGs may be treated at LTCHs beginning in FY 2004, in accordance with the methodology established in the August 30, 2002 LTCH PPS final rule (67 FR 55991), we assign proposed relative weights to each of the 164 "no volume" proposed LTC-DRGs based on clinical similarity and relative costliness to one of the remaining 354 (518 - 164 = 354) proposed LTC-DRGs for which we are able to determine proposed relative weights, based on FY 2002 claims data.

As there are currently no LTCH cases in these "no volume" proposed LTC-DRGs, in accordance with the

methodology established in the August 30, 2002 LTCH PPS final rule (67 FR 55991), we determine proposed relative weights for the 164 proposed LTC-DRGs with no LTCH cases in the FY 2002 MedPAR file used in this proposed rule by grouping them to the appropriate proposed low volume quintile. This methodology is consistent with our methodology used in determining proposed relative weights to account for the proposed low volume LTC-DRGs described above.

As we described in the August 30, 2002 LTCH PPS final rule (67 FR 55991), our methodology for determining proposed relative weights for the "no volume" proposed LTC-DRGs is as follows: First, we crosswalk the no volume proposed LTC-DRGs by matching them to other similar proposed LTC-DRGs for which there were LTCH cases in the FY 2002 MedPAR file based on clinical similarity and intensity of use of resources as determined by care provided during the period of time surrounding surgery, surgical approach (if applicable), length of time of surgical procedure, post-operative care, and length of stay. We assign the proposed relative weight for the applicable proposed low volume quintile to the no volume proposed LTC-DRG if the proposed LTC-DRG to which it is crosswalked is grouped to one of the proposed low volume quintiles. If the proposed LTC-DRG to which the no volume proposed LTC-DRG is crosswalked is not one of the proposed LTC-DRGs to be grouped to one of the proposed low volume quintiles, we compare the proposed relative weight of the proposed LTC-DRG to which the no volume proposed LTC-DRG is crosswalked to the proposed relative weights of each of the five proposed quintiles and we assign the no volume proposed LTC-DRG the proposed relative weight of the proposed low volume quintile with the closest weight. For this proposed rule, a list of the no volume proposed FY 2004 LTC-DRGs and the proposed FY 2004 LTC-DRG to which it is crosswalked in order to determine the appropriate proposed low volume quintile for the assignment of a proposed relative weight for FY 2004 is shown below in Table 2.

TABLE 2.—PROPOSED NO VOLUME LTC-DRG CROSSWALK AND PROPOSED QUINTILE ASSIGNMENT FOR FY 2004

LTC-DRG	Description	Cross walked LTC-DRG	Low volume quintile assigned
2	CRANIOTOMY AGE > 17 W/O CC	1	Quintile 5.
3	CRANIOTOMY AGE 0-17	1	Quintile 5.