

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

42 CFR Part 412

[CMS-1472-F]

RIN 0938-AL92

Medicare Program; Prospective Payment System for Long-Term Care Hospitals: Annual Payment Rate Updates and Policy Changes

AGENCY: Centers for Medicare & Medicaid Services (CMS), HHS.

ACTION: Final rule.

SUMMARY: This final rule establishes the annual update of the payment rates for the Medicare prospective payment system (PPS) for inpatient hospital services provided by long-term care hospitals (LTCHs). It also changes the annual period for which the rates are effective. The rates will be effective from July 1 to June 30 instead of from October 1 through September 30, establishing a "long-term care hospital rate year" (LTCH PPS rate year). We also change the publication schedule for these updates to allow for an effective date of July 1. The payment amounts and factors used to determine the updated Federal rates that are described in this final rule have been determined based on this revised LTCH PPS rate year. The annual update of the long-term care diagnosis-related groups (LTC-DRG) classifications and relative weights remains linked to the annual adjustments of the acute care hospital inpatient diagnosis-related group system, and will continue to be effective each October 1.

The outlier threshold for July 1, 2003, through June 30, 2004, is also derived from the LTCH PPS rate year calculations.

In addition, we are making an adjustment to the short-stay outlier policy for certain LTCHs and a policy change eliminating bed-number restrictions for pre-1997 LTCHs that have established satellite facilities and elect to be paid 100 percent of the Federal rate or when the LTCH is fully phased-in to 100 percent of the Federal prospective rate after the transition period.

EFFECTIVE DATE: The provisions of this final rule are effective June 30, 2003.

FOR FURTHER INFORMATION CONTACT:

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payment adjustments, and onsite discharges and readmissions, interrupted stays and short-stay outliers);

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SUPPLEMENTARY INFORMATION:

Availability of Copies and Electronic Access

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To assist readers in referencing sections contained in this preamble, we are providing the following table of contents.

Table of Contents

- I. Background
 - A. Legislative and Regulatory Authority
 - B. Criteria for Classification as a LTCH
 - C. Transition Period for Implementation of the LTCH PPS
 - D. Limitation on Charges to Beneficiaries
 - E. System Implementation for the LTCH PPS
- II. Publication of Proposed Rulemaking
- III. Summary of the Major Contents of This Final Rule
 - A. Change in the Annual Update

- B. Update Changes
- IV. Changes in the Annual Update of the LTCH PPS
- V. Changes in Long-Term Care Diagnosis-Related Group (LTC-DRG) Classifications and Relative Weights
 - A. Background
 - B. Patient Classifications into DRGs
 - C. Organization of DRGs
 - D. Update of LTC-DRGs
 - E. ICD-9-CM Coding System
 1. Uniform Hospital Discharge Data Set (UHDDS) Definitions
 2. Maintenance of the ICD-9-CM Coding System
 3. Coding Rules and Use of ICD-9-CM Codes in LTCHs
 - F. Changes to the Method for Updating the LTC-DRG Relative Weights
- VI. Policy Change Relating to Payments to LTCHs That Are Satellite Facilities
- VII. Changes to the LTCH PPS Rates for the 2004 LTCH PPS rate year
 - A. Overview of the Development of the Payment Rates
 - B. Update to the Standard Federal Rate for the 2004 LTCH PPS rate year
 1. Standard Federal Rate Update
 - a. Description of the Market Basket for the 2004 LTCH PPS rate year
 - b. LTCH Market Basket Increase for the 2004 LTCH PPS rate year
 2. Standard Federal Rate for the 2004 LTCH PPS rate year
 - C. Calculation of LTCH Prospective Payments for the 2004 LTCH PPS rate year
 1. Adjustment for Area Wage Levels
 2. Adjustment for Cost-Of-Living in Alaska and Hawaii
 3. Adjustment for High-Cost Outliers
 4. Adjustment for Special Cases a. General
 - b. Short-Stay Outlier Cases
 - c. Interrupted Stay
 - d. Onsite Discharges and Readmittances
 - e. Treatment of Swing Beds Under the Interrupted Stay and Onsite Discharge and Readmittance Policies
 5. Other Payment Adjustments
 6. Budget Neutrality Offset to Account for the Transition Methodology
- VIII. Computing the Adjusted Federal Prospective Payments
- IX. Transition Period
- X. Payments to New LTCHs
- XI. Method of Payment
- XII. Monitoring
- XIII. Collection of Information Requirements
- XIV. Regulatory Impact Analysis
 - A. Introduction
 1. Executive Order 12866
 2. Regulatory Flexibility Act (RFA)
 3. Impact on Rural Hospitals
 4. Unfunded Mandates
 5. Federalism
 - B. Anticipated Effects
 1. Budgetary Impact
 2. Impact on Providers
 3. Calculation of Prospective Payments
 4. Results
 5. Effect on the Medicare Program
 6. Effect on Medicare Beneficiaries
 - C. Executive Order 12866

Regulations Text

Addendum-Tables