

RHC Rural health center
 RRC Rural referral center
 SCH Sole community hospital
 SNF Skilled nursing facility
 TEFRA Tax Equity and Fiscal
 Responsibility Act of 1982, Pub. L.
 97-248
 UHDDS Uniform Hospital Discharge
 Data Set

Table of Contents

- I. Background
 - A. Summary
 - B. Summary of the Provisions of the May 19, 2003 Proposed Rule
 - C. Public Comments Received to the May 19, 2003 IPPS Proposed Rule
- II. Changes to DRG Classifications and Relative Weights
 - A. Background
 - B. DRG Reclassification
 - 1. General
 - 2. Review of DRGs for Complications or Comorbidity (CC) Split
 - 3. MDC 1 (Diseases and Disorders of the Nervous System)
 - a. Revisions of DRGs 1 and 2
 - b. DRG 23 (Nontraumatic Stupor and Coma)
 - 4. MDC 5 (Diseases and Disorders of the Circulatory System)
 - a. DRG 478 (Other Vascular Procedures With CC) and DRG 479 (Other Vascular Procedures Without CC)
 - b. DRGs 514 (Cardiac Defibrillator Implant With Cardiac Catheterization) and 515 (Cardiac Defibrillator Implant Without Cardiac Catheterization)
 - 5. MDC 8 (Diseases and Disorders of the Musculoskeletal System and Connective Tissue)
 - 6. MDC 15 (Newborns and Other Neonates with Conditions Originating in the Perinatal Period)
 - a. Nonneonate Diagnoses
 - b. Heart Failure Codes for Newborns and Neonates
 - 7. MDC 17 (Myeloproliferative Diseases and Disorders and Poorly Differentiated Neoplasms)
 - 8. MDC 23 (Factors Influencing Health Status and Other Contracts with Health Services)
 - a. Implantable Devices
 - b. Malignancy Codes
 - 9. Medicare Code Editor (MCE) Change
 - 10. Surgical Hierarchies
 - 11. Refinement of CCs
 - 12. Review of Procedure Codes in DRGs 468, 476, and 477
 - a. Moving Procedure Codes from DRG 468 or DRG 477 to MDCs
 - b. Reassignment of Procedures among DRGs 468, 476, and 477
 - c. Adding Diagnosis Codes to MDCs
 - 13. Changes to the ICD-9-CM Coding System
 - 14. Other Issues
 - a. Cochlear Implants
 - b. Burn Patients on Mechanical Ventilation
 - c. Multiple Level Spinal Fusion
 - d. Heart Assist System Implant
 - e. Drug-Eluting Stents
 - f. Artificial Anal Sphincter
 - C. Recalibration of DRG Weights

- D. LTC-DRG Reclassifications and Relative Weights for LTCHs for FY 2004
 - 1. Background
 - 2. Changes in the LTC-DRG Classifications
 - a. Background
 - b. Patient Classifications into DRGs
 - 3. Development of the Final FY 2004 LTC-DRG Relative Weights
 - a. General Overview of Development of the LTC-DRG Relative Weights
 - b. Data
 - c. Hospital-Specific Relative Value Methodology
 - d. Low Volume LTC-DRGs
 - 4. Steps for Determining the Final FY 2004 LTC-DRG Relative Weights
- E. Add-On Payments for New Services and Technologies
 - 1. Background
 - 2. FY 2004 Status of Technology Approved for FY 2003 Add-On Payments:

Drotrecogin Alfa (Activated)—Xigris®

- 3. FY 2004 Applicants for New Technology Add-On Payments
 - a. Bone Morphogenetic Proteins (BMPs) for Spinal Fusions
 - b. GLIADEL® Wafer
- 4. Review of the High-Cost Threshold
- 5. Technical Changes
- III. Changes to the Hospital Wage Index
 - A. Background
 - B. FY 2004 Wage Index Update
 - C. FY 2004 Wage Index Changes
 - 1. Elimination of Wage Costs Associated with Rural Health Clinics and Federally Qualified Health Centers
 - 2. Paid Hours
 - D. Verification of Wage Data from the Medicare Cost Reports
 - E. Computation of the FY 2004 Wage Index
 - F. Revisions to the Wage Index Based on Hospital Redesignation
 - 1. General
 - 2. Effects of Reclassification
 - G. Requests for Wage Data Corrections
 - H. Modification of the Process and Timetable for Updating the Wage Index
- IV. Other Decisions and Changes to the IPPS for Operating Costs and GME Costs
 - A. Transfer Payment Policy
 - 1. Transfers to Another Acute Care Hospital
 - 2. Technical Correction
 - 3. Expanding the Postacute Care Transfer Policy to Additional DRGs
 - B. Rural Referral Centers
 - 1. Case-Mix Index
 - 2. Discharges
 - C. Indirect Medical Education (IME) Adjustment and Disproportionate Share Hospital (DSH) Adjustment
 - 1. Available Beds and Patient Days: Background
 - 2. Unoccupied Beds
 - 3. Nonacute Care Beds and Days
 - 4. Observation Beds and Swing-Beds
 - 5. Labor, Delivery, and Postpartum Beds and Days
 - 6. Days Associated with Demonstration Projects under Section 1115 of the Act
 - 7. Dual-Eligible Patient Days
 - 8. Medicare+Choice (M+C) Days
 - D. Medicare Geographic Classification Review Board (MGCRB) Reclassification Process

- E. Costs of Approved Nursing and Allied Health Education Activities
 - 1. Background
 - 2. Continuing Education Issue for Nursing and Allied Health Education Activities
 - 3. Programs Operated by Wholly Owned Subsidiary Educational Institutions of Hospitals
 - F. Payment for Direct Costs of Graduate Medical Education
 - 1. Background
 - 2. Prohibition Against Counting Residents Where Other Entities First Incur the Training Costs
 - 3. Rural Track FTE Limitation for Purposes of Direct GME and IME for Urban Hospitals that Establish Separately Accredited Approved Medical Programs in a Rural Area
 - a. Change in the Amount of Rural Training Time Required for an Urban Hospital to Qualify for an Increase in the Rural Track FTE Limitation
 - b. Inclusion of Rural Track FTE Residents in the Rolling Average Calculation
 - 4. Technical Changes Related to Affiliated Groups and Affiliated Agreements
 - G. Notification of Updates to the Reasonable Compensation Equivalent (RCE) Limits
 - 1. Background
 - 2. Publication of the Updated RCE Limits
 - 3. Application of RCE Limits
 - 4. Exceptions to RCE Limits
 - 5. Geographic Area Classifications for RCE Limits
 - V. PPS for Capital-Related Costs
 - VI. Changes for Hospitals and Hospital Units Excluded from the IPPS
 - A. Payments to Excluded Hospitals and Hospital Units
 - 1. Payments to Existing Excluded Hospitals and Hospital Units
 - 2. Updated Caps for New Excluded Hospitals and Units
 - 6. Implementation of a PPS for IRFs
 - 4. Development of a PPS for Inpatient Psychiatric Facilities
 - 5. Implementation of a PPS for LTCHs
 - 6. Report of Adjustment (Exception) Payments
 - B. Payment for Services Furnished at Hospitals-Within-Hospitals and Satellite Facilities
 - C. Clarification of Classification Requirements for LTCHs
 - D. Criteria for Payment on a Reasonable Cost Basis for Clinical Diagnostic Laboratory Services Performed by CAHs
 - E. Technical Changes
 - VII. MedPAC Recommendations
 - VIII. Other Required Information
 - A. Requests for Data from the Public
 - B. Collection of Information Requirements
- Regulation Text
- Addendum—Schedule of Standardized Amounts Effective with Discharges Occurring On or After October 1, 2003 and Update Factors and Rate-of-Increase Percentages Effective With Cost Reporting Periods Beginning On or After October 1, 2003
- Tables
- Table 1A—National Adjusted Operating Standardized Amounts, Labor/Nonlabor