

functional impairment of ambulation and other activities of daily living, which have not improved after an appropriate, aggressive, and sustained course of outpatient therapy services or services in other less intensive rehabilitation settings immediately preceding the inpatient rehabilitation admission but have the potential to improve with more intensive rehabilitation. (A joint replaced by a prosthesis no longer is considered to have osteoarthritis, or other arthritis, even though this condition was the reason for the joint replacement.)

* * * * *

3. Section 412.30 is amended by—
- A. Revising paragraph (c).
- B. Revising paragraph (d)(2)(ii).
- The revisions read as follows:

§ 412.30 Exclusion of new rehabilitation units and expansion of units already excluded.

* * * * *

(c) *Converted units.* A hospital unit is considered a converted unit if it does not qualify as a new unit under paragraph (a) of this section. A converted unit must have treated, for the hospital's most recent, consecutive, and appropriate 12-month time period (as defined by CMS or the fiscal intermediary), an inpatient population meeting the requirements of § 412.23(b)(2).

* * * * *

- (d) * * *
- (2) * * *
- (ii) A hospital may increase the size of its excluded rehabilitation unit through the conversion of existing bed

capacity only if it shows that, for the hospital's most recent, consecutive, and appropriate 12-month time period (as defined by CMS or the fiscal intermediary), the beds have been used to treat an inpatient population meeting the requirements of § 412.23(b)(2).

* * * * *

(Catalog of Federal Domestic Assistance Program No. 93.773, Medicare—Hospital Insurance)

Dated: July 16, 2003.

Thomas A Scully,
Administrator, Centers for Medicare & Medicaid Services.

Approved: July 22, 2003.

Tommy G. Thompson,
Secretary.
[FR Doc. 03–22658 Filed 9–2–03; 3:37 pm]

BILLING CODE 4120–01–P