



July 1, 2011

Dear Hospital Representative,

The Centers for Medicare & Medicaid Services (CMS) has recently become aware of an error in the calculation for the outmigration adjustment in the May 5, 2011, Inpatient Prospective Payment System (IPPS) proposed rule. This error in the calculation affects 104 providers that will now be eligible to receive the outmigration adjustment.

Due to this correction, some information in the Fiscal Year (FY) 2012 IPPS Tables that hospitals used to make reclassification decisions is now superseded. Specifically, due to the correction of the proposed outmigration adjustments, some providers' proposed FY 2012 wage index values have been corrected on Table 2, and additional providers qualifying for proposed FY 2012 outmigration adjustments have been added to Table 4J. We also will be publishing a Correction Notice in the *Federal Register* (expected to be on display by July 8, 2011) announcing the corrected Tables. In addition, corrections to Tables 2 and 4J will be posted on the Centers for Medicare & Medicaid Services (CMS) Web site at http://www.cms.hhs.gov/AcuteInpatientPPS/01_overview.asp.

In addition, under our authority in section 1886(d)(10)(D)(v) to establish procedures under which a subsection (d) hospital may elect to terminate a reclassification, we are creating a special procedural rule, limited to FY 2012. Under this procedural rule, we will extend the 45-day deadline of §412.273 (referenced at 75 FR 25881) for hospitals to terminate or withdraw 1886(d)(10) reclassifications as well as the 45-day deadline (referenced at 75 FR 25887) for a hospital to receive the out-migration adjustment rather than their section 1886(d)(8)(B) redesignation. We will allow hospitals a 7-day period from the date of display of the Federal Register Correction Notice in which hospitals may choose to revise the withdrawal/termination decisions referenced above for FY 2012. The Correction Notice will be posted on the CMS Web site at <http://www.cms.gov/AcuteInpatientPPS/IPPS2012/list.asp>.

Hospitals that wish to request a revision to an already submitted withdrawal/termination request under §412.273, or that wish to request a withdrawal of a reclassification or termination of an existing 3-year 1886(d)(10) reclassification that would be effective in FY 2012 must submit their request to the MGCRB, in writing, with a copy to CMS no later than 7-days after the date of display of the Federal Register Correction Notice. The mailing address for the MGCRB is: 2520 Lord Baltimore Drive, Suite L, Baltimore, MD 21244-2670.

Hospitals redesignated under section 1886(d)(8)(B) of the Act that also are eligible for an outmigration adjustment may notify CMS that they wish to receive the outmigration adjustment instead of their redesignation under section 1886(d)(8)(B). Section 1886(d)(8)(B) hospitals that have already notified CMS that they wish to receive the outmigration adjustment instead of the section 1886(d)(8)(B) redesignation (in accordance with the procedures of 75 FR 25887) may withdraw such notifications. In both of the above two cases, the notification or request must be submitted to CMS at the following mailing address no later 7 days after the date of display of the Federal Register Correction Notice. The mailing address is: Centers for Medicare and Medicaid Services, Center for Medicare, Attention: Wage Index Adjustment Waivers, Division of Acute Care, Room C4-08-06, 7500 Security Boulevard, Baltimore, MD 21244-1850.

Requests submitted after the 7-day deadline by 5:00 pm EDT, or that are sent to the wrong address will not be considered. We also request that hospitals send an email to Brian Slater at brian.slater@cms.hhs.gov with their revised or new requests by that date. Again, please note that only hospitals with 1886(d)(8)(B) or (d)(10) reclassifications are able to make revisions to their reclassification decisions. Hospitals which have a 1886(d)(8)(E) reclassification are unable to revisit their original decision.

If your hospital has already properly submitted (and within the 45-day deadline of the publication date of the May 5, 2011 IPPS-LTCH proposed rule) an (a) withdrawal of reclassification, (b) termination of reclassification, or (c) notification to receive an outmigration adjustment in lieu of a section 1886(d)(8)(B) redesignation; and no revision to such request is submitted to CMS within the 7-day deadline and using the procedures of the Federal Register Correction Notice, then the earlier submission will be deemed to be the hospital's request for withdrawal, termination or receipt of the outmigration adjustment. In other words, we will not alter those prior requests.

If you require further assistance with this matter, contact Brian Slater, at 410-786-5229.

Sincerely,

Ing-Jye Cheng
Deputy Director
Division of Acute Care