

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

Small Entity Compliance Guide

CMS-1694-F

RIN 0938-AT27

Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long-Term Care Hospital Prospective Payment System and Proposed Policy Changes and Fiscal Year 2019 Rates; Proposed Quality Reporting Requirements for Specific Providers; Proposed Medicare and Medicaid Electronic Health Record (EHR) Incentive Programs (Promoting Interoperability Programs) Requirements for Eligible Hospitals, Critical Access Hospitals, and Eligible Professionals; Medicare Cost Reporting Requirements; and Physician Certification and Recertification of Claims

AGENCY: Centers for Medicare & Medicaid Services

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42 CFR Parts 405, 412, 413, 414, 416, 486, 488, 489, and 495

The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA, Pub. L. 104 121, as amended by Pub. L. 110-28, May 25, 2007) contains requirements for issuance of “small entity compliance guides.” Guides are to explain what actions affected entities must take to comply with agency rules. Such guides must be prepared when agencies issue final rules for which agencies were required to prepare a Final Regulatory Flexibility Analysis under the Regulatory Flexibility Act (RFA).

The complete text of this final rule can be found on the CMS Web site at:

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/FY2019-IPPS-Final-Rule-Home-Page.html>

This rule revises the Medicare hospital inpatient prospective payment systems (IPPS) for operating and capital-related costs of acute care hospitals to implement changes arising from our continuing experience with these systems for fiscal year (FY) 2019. Some of these changes implement certain statutory provisions contained in the 21st Century Cures Act and the Bipartisan Budget Act of 2018, and other legislation. This rule also implements changes relating to Medicare graduate medical education (GME) affiliation agreements for new urban teaching hospitals.

In addition, this rule implements the market basket update that will apply to the rate of increase limits for certain hospitals excluded from the IPPS that are paid on a reasonable cost basis, subject to these limits for FY 2019. This rule also updates the payment

policies and the annual payment rates for the Medicare prospective payment system (PPS) for inpatient hospital services provided by long-term care hospitals (LTCHs) for FY 2019.

This rule establishes new requirements or revises existing requirements for quality reporting by specific Medicare providers (acute care hospitals, PPS exempt cancer hospitals, and LTCHs). It also establishes new requirements or revises existing requirements for eligible professionals (EPs), eligible hospitals, and critical access hospitals (CAHs) participating in the Medicare and Medicaid Electronic Health Record (EHR) Incentive Programs (now referred to as the Promoting Interoperability Programs). In addition, this rule finalizes modifications to the requirements that apply to States operating Medicaid Promoting Interoperability Programs and updates policies for the Hospital Value-Based Purchasing (VBP) Program, the Hospital Readmissions Reduction Program, and the Hospital-Acquired Condition (HAC) Reduction Program.

Finally, this rule implements changes relating to the required supporting documentation for an acceptable Medicare cost report submission and the supporting information for physician certification and recertification of claims.

The great majority of the hospitals that participate in Medicare are small entities, either because their revenues fall below the Small Business Administration's size standards for small businesses (revenues of \$38.5 million or less in any 1 year), or because they are nonprofit, or both. Accordingly, our analysis under the Regulatory Flexibility Act assumes that all hospitals are small entities.

The effects of this final rule vary considerably by type of hospital, location, bed size, and other variables. We estimate that operating payment rates for IPPS hospitals will increase by about 1.85 percent on average in Federal Fiscal Year 2019 (Note: This figure is more than the estimate provided in the proposed rule (CMS-1694-P).)

This rule imposes no direct Federal compliance requirements on hospitals. In order to assist hospitals in understanding and adapting to changes in Medicare regulations and in billing and payment procedures, we have developed a Hospital Center Web page for hospitals that includes substantial downloadable explanatory materials at <https://www.cms.gov/center/provider-type/hospital-center.html>. In addition, there is a Web page devoted specifically to the inpatient prospective payment system that includes substantial information at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/index.html>.