CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1474	Date: MARCH 7, 2008
	Change Request 5955

Subject: Changes to the Long Term Care Hospital Prospective Payment System (LTCH PPS) Pricer based on the Medicare, Medicaid and SCHIP Extension Act of 2007 (Recurring CR: R20812Q)

**I. SUMMARY OF CHANGES:** The Medicare, Medicaid, and SCHIP Extension Act of 2007, enacted on December 29, 2007, postponed implementation of a portion of the Short Stay Outlier (SSO) payment adjustment formula effective upon enactment for a period of 3 years. It also revised the Federal rate for Rate Year (RY) 2008, applicable to discharges occurring on or after April 1, 2008, by providing that the base (that is, Federal) rate for RY 2008 be the same as the base rate for discharges for the hospital occurring during the rate year ending in 2007.

#### New / Revised Material Effective Date: April 1, 2008 Implementation Date: April 7, 2008

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated) R=REVISED, N=NEW, D=DELETED-*Only One Per Row.* 

R/N/D	Chapter / Section / Subsection / Title	l
N/A		l

# **III. FUNDING:**

SECTION A: For Fiscal Intermediaries and Carriers:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

## SECTION B: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

# **IV. ATTACHMENTS:**

# **Recurring Update Notification**

\*Unless otherwise specified, the effective date is the date of service.

Attachment – Recurring Update NotificationPub. 100-04Transmittal: 1474Date: March 7, 2008Change Request: 5955

**SUBJECT:** Changes to the Long Term Care Hospital Prospective Payment System (LTCH PPS) Pricer based on the Medicare, Medicaid and SCHIP Extension Act of 2007 (Recurring CR: R20812Q)

Effective Date: April 1, 2008 Implementation Date: April 7, 2008

## I. GENERAL INFORMATION

**A. Background:** The Medicare, Medicaid and SCHIP Extension Act of 2007, enacted on December 29, 2007, postponed implementation of a portion of the Short Stay Outlier (SSO) payment adjustment formula effective upon enactment for a period of 3 years. It also revised the Federal rate for Rate Year (RY) 2008, applicable to discharges occurring on or after April 1, 2008, by providing that the base (that is, Federal) rate for RY 2008 "be the same as the base rate for discharges for the hospital occurring during the rate year ending in 2007." Note that CMS made the change to the SSO outlier policy immediately and the updated LTCH Pricer was in production within the Medicare claims processing system on January 28, 2008. Contractors were instructed to reprocess SSO claims within 60 days.

**B. Policy:** The Federal rate for RY 2007 was \$38,086.04. Consequently, the Federal rate effective for discharges occurring from April 1, 2008, through June 30, 2008, is \$38,086.04. Furthermore, consistent with the existing regulations at \$412.525(a), in order to maintain estimated total payments for high cost outlier cases at 8 percent of the estimated total payments, the revised high cost outlier fixed-loss amount effective for discharges occurring from April 1, 2008 through June 30, 2008, is \$20,707.

# II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement

Numbe r	Requirement		-		bilit e co	• •		e an	" <b>X</b>	<b>"</b> ir	n each
		Α	D	F	C	R		Shai	ed-		OTH
		/	Μ	Ι	A	Η		Syst	em		ER
		B	Е		R	Η	M	ainta	aine	rs	
					R	Ι	F	Μ	V	С	
		Μ	Μ		Ι		Ι	С	Μ	W	
		Α	А		E		S	S	S	F	
		C	С		R		S				
5955.1	The standard system shall install the LTCH Pricer version 8.6 effective for discharges on or after April 1, 2008.						X				

# III. PROVIDER EDUCATION TABLE

Numbe	Requirement	R	Responsibility (place an "X" in each								
r		aj	applicable column)								
		A	D	F	С	R	Shared-	OTH			
		/	Μ	Ι	А	Η	System	ER			
		В	Е		R	Η	Maintainers				

					F I S S	M C S	V M S	C W F	
5955.2	A provider education article related to this instruction will be available at <u>http://www.cms.hhs.gov/MLNMattersArticles/</u> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X	Х						

# IV. SUPPORTING INFORMATION

# Section A: For any recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref	Recommendations or other supporting information:
Requireme	
nt	
Number	

#### Section B: For all other recommendations and supporting information: N/A

## **V. CONTACTS**

**Pre-Implementation Contact(s):** Policy: Elizabeth Truong, 410-786-6005; Claims Processing: Sarah Shirey-Losso, 410-786-0187

Post-Implementation Contact(s): Regional Offfice

## **VI. FUNDING**

## Section A: For Fiscal Intermediaries (FIs), Carriers, and Regional Home Health Carriers (RHHIs):

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

#### Section B: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.