

**U.S. House and Senate Notification**  
**Thursday, April 22, 2010**

**To:** Congressional Health Staff

**From:** Amy Hall  
Director, Office of Legislation  
Centers for Medicare & Medicaid Services

**Subject:** Affordable Care Act Implementation Notices for Certain Institutional Providers

On March 23, 2010, President Obama signed into law the “*Patient Protection and Affordable Care Act*” (PPACA), which was subsequently amended by the Health Care and Education Reconciliation Act (collectively referred to as the “*Affordable Care Act*”). The Centers for Medicare & Medicaid Services (CMS) is working hard to expeditiously implement the new law. The law's Medicare fee-for-service provisions have varying effective dates and our first priority is to address provisions with the earliest effective dates.

The Affordable Care Act contains a number of provisions affecting institutional providers. The provisions described below are Section 3401 which has effective dates of April 1, 2010 and Section 3137(a) which has effective dates of October 1, 2009 and April 1, 2010.

CMS is committed to assuring Medicare providers are well informed as early as possible. To that end, CMS has released instructions to its contractors to begin implementation of the following provisions:

**Inpatient Acute Hospitals (Section 3401(a))**

Section 3401(a) of PPACA imposes a 0.25 percentage point reduction to the Inpatient Prospective Payment System (IPPS) hospital's market basket for fiscal year (FY) 2010, effective for discharges on or after April 1, 2010. The reduction to the market basket will affect IPPS rates for discharges occurring on or after April 1, 2010, through September 30, 2010.

**Long-Term Care Hospitals (Section 3401(c))**

Section 3401(c) of PPACA imposes a 0.25 percentage point reduction to the Long Term Care Hospital's (LTCH) market basket for FY 2010, effective for discharges on or after April 1, 2010. The reduction to the market basket will affect LTCH rates for discharges occurring on or after April 1, 2010, through September 30, 2010.

**Inpatient Rehabilitation Facilities (Section 3401(d))**

Section 3401(d) of PPACA imposes a 0.25 percentage point reduction to the Inpatient Rehabilitation Facility market basket for FY 2010, effective for discharges on or after April

1, 2010. The reduction is also resulting in changes to the standard payment conversion factor, payment rates, and the outlier threshold amount.

**Extension of Section 508 Hospital Reclassifications (Sections 3137(a) and 10317)**

Sections 3137(a) and 10317 extend section 508 and special exception hospital reclassifications from October 1, 2009, through September 30, 2010. Effective April 1, 2010, section 3137(a) and 10317 also require removing section 508 and special exception wage data from the calculation of the reclassified wage index if doing so raises the reclassified wage index. All hospitals affected by sections 3137(a) and 10317 will be assigned an individual special wage index effective April 1, 2010. If the section 508 or special exception hospital's wage index applicable for the period beginning on October 1, 2009, and ending on March 31, 2010, is lower than for the period beginning on April 1, 2010, and ending on September 30, 2010, the hospital will be paid an additional amount that reflects the difference between the wage indices. The provision applies to both inpatient and outpatient hospital payments.

If you have questions about this notification, please contact the CMS Office of Legislation. Thank you.