



Related MLN Matters Article #: MM3884

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Update – Long Term Care Hospital Prospective Payment System (LTCH PPS) for Rate Year 2006

Key Words

MM3884, CR3884, R578CP, Long Term Care Hospitals, LTCH, Prospective Payment System, PPS, Rate Year 2006

Provider Types Affected

Long Term Care Hospitals (LTCH) paid under the LTCH Prospective Payment System (PPS) by Medicare Fiscal Intermediaries (FIs)

Key Points

- The effective date of the instruction is July 1, 2005.
- The implementation date is July 5, 2005.
- Change Request (CR) 3884 provides updates for the Rate Year 2006 (July 1, 2005 – June 30, 2006) LTCH PPS. The final rule for LTCH PPS was published May 6, 2005 and may be viewed on the Centers for Medicare & Medicaid Services (CMS) web site, at the link provided below.
- Payments under the LTCH PPS are made on a per-discharge basis using Long-Term Care Diagnosis-Related Groups (LTC-DRGs). These take into account differences in resource use of long-term care patients and the most recently available hospital discharge data. (MM3884, Background section, page 1-2, provides more background information.)
- There are two significant updates for LTCH Prospective Payment System (PPS):
 - The Rate Year update, which occurs in July of each year, and
 - The Diagnosis-Related Groups (DRGs), which are updated in October of each year.
- MM3884, Background section, page 2, contains specific information about Rate Year 2006 updates, including: the standard Federal rate, the fixed loss amount, the budget neutrality adjustment, the labor-related share, the non-labor related share, the short-stay outlier percentage for "Subsection II", Core-Based Statistical Areas (CBSA) designations used to assign wage index values for discharges, and the wage index phase-in percentage for cost reporting periods beginning on or after October 1, 2005.

- Please note that the labor-related and non-labor-related share percentages are not new changes for July 1, 2005. They are included in the article as a reminder of what the labor-related and non-labor-related share percentages are.
- MM3884, Background section, LTCH Notification Requirement section on pages 2 - 3, contains specific information about the LTCH notification requirements that must take place within 30 days of the start of the LTCH and their satellite's cost reporting period.
- FIs must pay claims with LTCH PPS Pricer Version 060 for discharges/through dates on or after July 1, 2005. This Pricer will include all Rate Year 2006 updates. FIs must also maintain and update records on facilities that are co-located.

Note: A *co-located* (or onsite) facility means a hospital, unit, or Skilled Nursing Facilities that either occupies space in a building used by another hospital or unit, OR occupies space in one or more buildings on the same campus (250 yards from the LTCH) as buildings used by another hospital or unit.

Important Links

MM3884, "Update - Long Term Care Hospital Prospective Payment System (LTCH PPS) for Rate Year 2006" can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM3884.pdf> on the CMS web site.

CR3884, "Transmittal #578: Update - Long Term Care Hospital Prospective Payment System (LTCH PPS) for Rate Year 2006" can be found <http://www.cms.hhs.gov/Transmittals/downloads/R578CP.pdf> on the CMS web site.

The final rule for LTCH PPS, published May 6, 2005, can be found at <http://www.cms.hhs.gov/QuarterlyProviderUpdates/downloads/cms1483f.pdf> on the CMS web site.

If providers have questions, they may contact their Medicare FI at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS web site.