



CSR Inquiry Assistance

Related Medlearn Matters Article #: MM3015

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MMA – Changes in Transitional Outpatient Payment (TOP) for 2004

Key Words

TOP, Transitional, Discontinued, Hold Harmless TOP, Interim Payment, OPPS, Clarifications, CR2908, MM3214, Hospitals, MM3015, CR3015, CR3214, MMA

Provider Types Affected

Hospital subject to the Outpatient Prospective Payment System (OPPS); Community Mental Health Centers (CMHCs)

Key Points

- The effective date of this instruction is January 1, 2004.
- This is a One-Time Notification which supersedes Transmittal 15 (CR 2908) issued on October 31, 2003.
- This notification reflects changes resulting from enactment of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 on December 8, 2003.
- MM3214 clarifies policy and business requirements for MM3015 relating to changes in hospital Outpatient Prospective Payment System (OPPS) for services furnished during calendar years 2004 and 2005. MM3214 can be viewed at:
<http://www.cms.hhs.gov/medlearn/matters/mmarticles/2004/MM3214.pdf>
- MM3214 also revises method for determining whether a hospital is considered rural for purposes of Transitional Outpatient Payments (TOPs).
- Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) discontinues TOPs payments for 2004 for many facilities paid under Hospital Outpatient Prospective Payment System (OPPS).
- As of January 1, 2004, TOPs are being discontinued for all Community Mental Health Centers (CHMCs) and all hospitals except for the following:
 - Rural hospitals that have 100 or fewer beds;

- Sole Community Hospitals (SCHs), as described in the Social Security Act (Section 1886 (d) (5)(D)(iii)), which are located in rural areas; and
- Cancer hospitals and children's hospitals as described in the Social Security Act (Sections 1886(d) (1) (B) (iii) and (v)).
- The interim TOPs for these hospitals will be calculated as 85 percent of the hold-harmless amount (the amount by which the provider's charges multiplied by its Cost-to-Charge Ratio (CCR), then multiplied by its payment-to-cost ratio, exceeds the provider's OPSS payments.).
- Where TOPs payments are being discontinued, one last interim TOP will be paid in January 2004 for services furnished thru December 31, 2003.
- Fiscal Intermediaries (FIs) have been directed to permanently continue to hold harmless TOP interim payments for cancer hospitals and children's hospitals in accordance with provisions of the Statute.
- Hold harmless TOPs will continue through December 31, 2005, for rural hospitals having 100 or fewer beds, in accordance with the provisions of the MMA.
- Hold harmless TOPs will apply to sole community hospitals which are located in rural areas, with respect to services furnished during cost reporting periods beginning on or after January 1, 2004, and will continue through December 31, 2005, in accordance with provisions of the MMA.
- Note that if a qualifying SCH has a cost reporting period that begins on a date other than January 1, 2004 TOPs and interim TOPs will not be paid for services furnished after December 31, 2003 and before the beginning of provider's next cost reporting period.
- For purposes of TOPs, a hospital is considered rural if it is:
 - Geographically rural;
 - Classified to rural for wage index purposes; or
 - Classified to rural for the standardized amount.

Important Links

<http://www.cms.hhs.gov/medlearn/matters/mmarticles/2004/MM3015.pdf>

http://www.cms.hhs.gov/manuals/pm_trans/R300TN.pdf