

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services



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Related Change Request (CR) #: CR 9527

Related CR Release Date: January 29, 2016

Effective Date: January 1, 2016

Related CR Transmittal #: R3445CP

Implementation Date: April 4, 2016

## Off-Cycle Update to the Long-Term Care Hospital (LTCH) Prospective Payment System (PPS) Fiscal Year (FY) 2016 Pricer

### Provider Types Affected

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This MLN Matters® Article is intended for hospitals that submit claims to Medicare Administrative Contractors (MACs) for inpatient hospital services provided to Medicare beneficiaries and paid for under the Long-Term Care Hospital (LTCH) Prospective Payment System (PPS) using the LTCH PPS Fiscal Year (FY) 2016 Pricer.

### Provider Action Needed

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Change Request (CR) 9527 updates certain rates and factors used in the Inpatient Prospective Payment System (IPPS) Comparable Amount calculation in the LTCH PPS FY 2016 Pricer applicable to discharges occurring on or after January 1, 2016. It also updates the LTCH PPS FY 2016 high-cost outlier fixed-loss amount for site-neutral rate discharges, and modifies the IPPS Comparable Amount calculation for Puerto Rico hospitals consistent with the new IPPS payment requirement. Please make sure your billing staffs are aware of these updates.

### Background

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Section 601 of Public Law 114-113, The Consolidated Appropriations Act of 2016, modified the IPPS payment calculation with respect to operating costs of inpatient hospital services of a subsection (d) Puerto Rico hospital for inpatient hospital discharges on or after January 1, 2016, to use 100 percent of the applicable Federal payment rate. Certain payment adjustments under the LTCH PPS are calculated using IPPS payment rates and factors, which are updated as a result of this new IPPS payment calculation requirement.

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In addition, new state code “84” for Puerto Rico (assigned in [CR 9300](#)) will be added to the LTCH Pricer.

CR9527:

- Updates certain rates and factors in the LTCH PPS FY 2016 Pricer used in the calculation of the IPPS Comparable Amount under Section 412.529(d)(4), which is used to determine Short-Stay Outlier (SSO)-adjusted standard Federal rate payment amounts and site neutral payment rate amounts;
- Updates the LTCH PPS FY 2016 high-cost outlier fixed-loss amount for site-neutral rate discharges to \$22,538, which is the same as the updated IPPS outlier fixed-loss cost threshold for FY 2016; and
- Modifies the IPPS Comparable Amount calculation for Puerto Rico hospitals consistent with the new IPPS payment requirement.

The updated LTCH PPS payment rate and factor changes are applicable to discharges occurring on or after January 1, 2016. Your MAC will reprocess all LTCH inpatient claims with a discharge date on or after January 1, 2016, through the implementation of the Pricer revised by CR9527 by May 31, 2016.

The Centers for Medicare & Medicaid Services (CMS) reminds providers that fiscal year changes to the LTCH PPS system occur annually in October. Specific instructions will be published shortly after the publication of the LTCH Final Rule each year. In addition, other changes to the LTCH PPS system may occur in January, April, or July, as necessary.

## Additional Information

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The official instruction, CR9527 issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R3445CP.pdf> on the CMS website.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/index.html> under - How Does It Work.

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