Quarterly Update to the Long Term Care Hospital (LTCH) Prospective Payment System (PPS) Fiscal Year (FY) 2020 Pricer

MLN Matters Number: MM11742
Related Change Request (CR) Number: 11742
Related CR Release Date: April 24, 2020
Related CR Transmittal Number: R10060CP
Effective Date: For COVID-19 Payment Policies - Admissions on or after 1/27/2020; LTCH DPP - For cost reporting periods beginning on or after October 1, 2019
Implementation Date: July 6, 2020

PROVIDER TYPES AFFECTED

This MLN Matters Article is for hospitals that submit claims to Medicare Administrative Contractors (MACs) for inpatient hospital services provided to Medicare beneficiaries by Long-Term Care Hospitals (LTCHs).

WHAT YOU NEED TO KNOW

CR 11742 updates the LTCH Pricer software used in Original Medicare claims processing. The new version includes the payment policy for an LTCH that is subject to the Discharge Payment Percentage (DPP) payment adjustment described in CR 11616. In addition, the CR includes new payment policy for the Novel Coronavirus Disease, COVID-19. Make sure your billing staffs are aware of these changes.

BACKGROUND

On February 14, 2020, the Centers for Medicare & Medicaid Services (CMS) issued CR 11616 titled Implementation of the Long-Term Care Hospital (LTCH) Discharge Payment Percentage (DPP) Payment Adjustment to prepare the Medicare claims processing systems to calculate the LTCH PPS payment when an LTCH is subject to the DPP payment adjustment. An MLN Matters Article, MM11616, related to the CR is available at https://www.cms.gov/files/document/mm11616.pdf.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136), enacted on March 27, 2020, includes the waiver of certain site neutral payment rate provisions for LTCHs during the COVID-19 Public Health Emergency (PHE) period.

Policy changes for the implementation of the LTCH PPS site neutral payment rate under Section 1886(m)(6) of the Social Security Act (the Act) are described in CR 9015. (See the
related MLN Matters Article, MM9015, at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/MM9015.pdf. Section 3711(b)(2) of the CARES Act provides a waiver of the application of the site neutral payment rate under Section 1886(m)(6)(A)(i) of the Act for those LTCH admissions that are in response to the PHE and occur during the COVID-19 PHE period.

CMS will release a new LTCH PPS Pricer software package in April 2020 to include this temporary payment policy effective for claims with an admission date occurring on or after January 27, 2020. The maintainer of the Fiscal Intermediary Shared System (FISS) will install the new revised LTCH Pricer program timely to ensure accurate payments for LTCH PPS claims. These changes are effective for LTCH claims with an admission date occurring on or after January 27, 2020, through the duration of the COVID-19 PHE period.

As specified at Section 1886(m)(6)(C)(iv) of the Act, an LTCH’s DPP is the ratio (expressed as a percentage) of the LTCHs’ Fee-For-Service (FFS) discharges which received PPS standard Federal rate payment to the LTCHs’ total number of Medicare discharges. Under the requirements at Section 1886(m)(6)(C)(ii) of the Act, effective for LTCH cost reporting periods beginning on or after October 1, 2019, LTCHs are subject to a payment adjustment that will apply to all of the LTCH’s discharges in each successive cost reporting after it is notified that the DPP for its cost reporting period was calculated not to be at least 50 percent.

Policy changes for the LTCH DPP payment adjustment are described in CR 11616. Section 3711(b)(1) of the CARES Act waives the payment adjustment under Section 1886(m)(6)(C)(ii) of the Act for LTCHs that do not have a DPP for the period that is at least 50 percent during the COVID-19 PHE period. Under this provision, for the purposes of calculating an LTCH’s DPP, all admissions during the COVID-19 PHE period will be counted in the numerator of the calculation, that is, will be counted as discharges paid the LTCH PPS standard Federal payment rate.

In addition, CMS has determined it is appropriate to issue a blanket waiver during the COVID-19 PHE period to LTCHs to exclude patient stays where an LTCH admits or discharges patients in order to meet the demands of the emergency from the 25-day average length of stay requirement, which allows these facilities to be paid as LTCHs. During the applicable waiver time period, CMS will also apply this waiver to facilities not yet classified as LTCHs but are seeking classification as an LTCH.

MACs may have processed claims impacted by the waiver of the site neutral payment rate provided by the CARES Act. For such claims, the MACs will locate and initiate adjustments of LTCH claims paid the site neutral rate with an admission date on or after January 27, 2020, through the successful implementation of the revised Pricer software by June 1, 2020.

**ADDITIONAL INFORMATION**

The official instruction, CR 11742, issued to your MAC regarding this change is available at https://www.cms.gov/files/document/r10060CP.pdf.
If you have questions, your MACs may have more information. Find their website at http://go.cms.gov/MAC-website-list.

**DOCUMENT HISTORY**

<table>
<thead>
<tr>
<th>Date of Change</th>
<th>Description</th>
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<tbody>
<tr>
<td>April 24, 2020</td>
<td>Initial article released.</td>
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