

Small Entity Compliance Guide

Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long-Term Care Hospital Prospective Payment System Policy Changes and Fiscal Year 2017 Rates; Revisions of Quality Reporting Requirements for Specific Providers, including Changes Related to the Electronic Health Record Incentive Program; Extensions of the Medicare-Dependent, Small Rural Hospital Program and the Low-Volume Payment Adjustment for Hospitals

Federal Register Vol. 81, No. 162, Page 56761, August 22, 2016

42 CFR Parts 405, 412, 413, and 489

**CMS-1655-F, CMS-1664-F, CMS-1632-F2
RIN 0938-AS77; 0938-AS88 and 0938-AS41**

The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA, P.L. 104-121, as amended by P.L. 110-28, May 25, 2007) contains requirements for issuance of "small entity compliance guides." Guides are to explain what actions affected entities must take to comply with agency rules. Such guides must be prepared when agencies issue final rules for which agencies were required to prepare a Final Regulatory Flexibility Analysis under the Regulatory Flexibility Act (RFA).

The complete text of this final rule and interim final rule with comment period can be found on the CMS Web site at: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/FY2017-IPPS-Final-Rule-Home-Page.html>. This rule revises the Medicare hospital inpatient prospective payment systems (IPPS) for operating and capital-related costs of acute care hospitals to implement changes arising from our continuing experience with these systems. Some of these changes implement certain statutory provisions contained in the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively known as the Affordable Care Act), the Pathway for Sustainable Growth Reform (SGR) Act of 2013, the Protecting Access to Medicare Act of 2014, the Improving Medicare Post-Acute Care Transformation Act of 2014, Medicare Access and CHIP Reauthorization Act of 2015, and other legislation. These changes will be applicable to discharges occurring on or after October 1, 2016, unless otherwise specified in the final rule.

The great majority of the hospitals that participate in Medicare are small entities, either because their revenues fall below the Small Business Administration's size standards for small businesses (revenues of \$38.5 million or less in any 1 year), or because they are nonprofit, or both. Accordingly, our analysis under the Regulatory Flexibility Act assumes that all hospitals are small entities.

The effects of this final rule vary considerably by type of hospital, location, bed size, and other variables. Overall, we estimate that payments to IPPS hospitals will increase by

about 0.9 percent on average in Federal Fiscal Year 2017 (Note: This figure is greater than the estimate provided in CMS-1632-P.)

This rule imposes no direct Federal compliance requirements on hospitals. In order to assist hospitals in understanding and adapting to changes in Medicare regulations and in billing and payment procedures, we have developed a Hospital Center Web page for hospitals that includes substantial downloadable explanatory materials at <https://www.cms.gov/center/provider-type/hospital-center.html>. In addition, there is a Web page devoted specifically to the inpatient prospective payment system that includes substantial information at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/index.html>.