



New Waivers for Inpatient Prospective Payment System (IPPS) Hospitals, Long-Term Care Hospitals (LTCHs), and Inpatient Rehabilitation Facilities (IRFs) due to Provisions of the CARES Act

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Note: We revised this article on April 27, 2020, to add references to related MLN Matters Articles [MM11764](#) and [MM11742](#) in the Additional Information Section below. The article release date was also updated. All other information is unchanged.

PROVIDER TYPES AFFECTED

This MLN Matters® Special Edition Article is for Inpatient Prospective Payment System (IPPS) hospitals, Long-Term Care Hospitals (LTCHs), and Inpatient Rehabilitation Facilities (IRFs) who bill Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries.

WHAT YOU NEED TO KNOW

This article provides a brief summary of certain provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act that relate to IPPS hospitals, LTCHs, and IRFs. The Centers for Medicare & Medicaid Services (CMS) is aware of these provisions and is working on their implementation. These provisions are in Sections 3710 and 3711 of the CARES Act.

BACKGROUND

Section 3710 of the CARES Act

Inpatient Prospective Payment System (IPPS) Hospitals - Section 3710 of the CARES Act directs the Secretary to increase the weighting factor of the assigned Diagnosis-Related Group (DRG) by 20 percent for an individual diagnosed with COVID-19 discharged during the COVID-19 Public Health Emergency (PHE) period. Discharges of an individual diagnosed with COVID-19 will be identified by the presence of the following International Classification of Diseases, Tenth Revision, Clinical Modification (ICD-10-CM) diagnosis codes:

- B97.29 (Other coronavirus as the cause of diseases classified elsewhere) for discharges occurring on or after January 27, 2020, and on or before March 31, 2020.
- U07.1 (COVID-19) for discharges occurring on or after April 1, 2020, through the duration of the COVID-19 public health emergency period.

Providers may refer to the following ICD-10-CM coding guidance for coding encounters related to COVID-19:

- For discharges on or after April 1, 2020, the ICD-10-CM Official Coding and Reporting Guidelines are at <https://www.cdc.gov/nchs/data/icd/COVID-19-guidelines-final.pdf>
- For discharges prior to April 1, 2020, the ICD-10-CM Official Coding Guideline – Supplement is at <https://www.cdc.gov/nchs/data/icd/ICD-10-CM-Official-Coding-Guidance-Interim-Advice-coronavirus-feb-20-2020.pdf>.

To implement this temporary adjustment, Medicare’s claims processing systems will apply an adjustment factor to increase the Medicare Severity-Diagnosis Related Group (MS-DRG) relative weight that would otherwise be applied by 20 percent when determining IPPS operating payments for discharges described above.

Section 3711 of the CARES Act

Inpatient Rehabilitation Facilities (IRFs) - Intensity of Therapy Requirement (“3-Hour Rule”) - As required by Section 3711(a) of the CARES Act, during the COVID-19 PHE, the Secretary is waiving § 412.622(a)(3)(ii) relating to the criterion that Medicare Part A fee-for-service patients treated in IRFs receive at least 15 hours of therapy per week. This waiver supersedes the clarification of § 412.622(a)(3)(ii) provided in the interim final rule with comment titled, Medicare and Medicaid Programs; Policy and Regulatory Revisions in Response to the COVID-19 Public Health Emergency (CMS-1744-IFC).

Long Term Care Hospitals (LTCHs) – Site Neutral Payment Rate Provisions - As required by Section 3711(b) of the CARES Act, during the COVID-19 PHE, the Secretary is waiving section 1886(m)(6) Social Security Act (the Act) relating to certain site neutral payment rate provisions for LTCHs.

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 Discharge Payment Percentage (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 Prospective Payment System (PPS) standard Federal payment rate.

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. To implement this provision, the claims processing systems will be updated to pay all LTCH cases admitted during the COVID-19 PHE period the LTCH PPS standard Federal rate, effective for claims with an admission date occurring on or after January 27, 2020.

ADDITIONAL INFORMATION

View the [complete list](#) of coronavirus waivers.

Review information on the current emergencies webpage at <https://www.cms.gov/About-CMS/Agency-Information/Emergency/EPRO/Current-Emergencies/Current-Emergencies-page>.

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

The following articles provide updates to payment policy for COVID-19 claims.

- [MM11742](#)– The article is based on CR 11742 that updates the LTCH Pricer software used in Original Medicare claims processing. The CR also includes new payment policy for the Novel Coronavirus Disease, COVID-19
- [MM11764](#) – The article is based on CR 11764 which updates the FY 2020 IPPS Pricer software used in Original Medicare claims processing. It includes new payment policy for individual diagnosed with COVID-19.

DOCUMENT HISTORY

Date of Change	Description
April 27, 2020	We revised this article to add references to related MLN Matters Articles MM11764 and MM11742 in the Additional Information Section. The article release date was also updated.
April 15, 2020	Initial article released.

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