

Centers for Medicare & Medicaid Services
Hospital Quality Initiative
Open Door Forum
Moderator: Jill Darling
Tuesday, August 29, 2017
2:00 p.m. ET

Operator: Good afternoon. My name is (Heidi) and I will be your conference facilitator today. At this time, I would like to welcome everyone to the Centers for Medicare & Medicaid Services Hospital Quality Initiative Open Door Forum.

All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question and answer session. If you would like to ask a question during this time, simply press star then the number one on your telephone keypad. If you would like to withdraw your question, press the pound key. Thank you.

Don Thompson, you may begin your conference.

Don Thompson: Thanks, (Heidi). Just a reminder that this Open Door Forum is not intended for the press and the remarks are not considered on the record. If you are member of the press, you may listen in, but please refrain from asking questions during the Q&A portion of the call. If you have inquiries, please contact CMS at press@cms.hhs.gov.

Welcome to the CMS Hospital and Quality Initiative Open Door Forum. Today, we're going to discuss some of the policies that were finalized in the fiscal 2018 Inpatient Prospective Payment System final rule and the Long-Term Care Hospital Prospective Payment System final rule that published earlier this month. These are – these policies are in effect and its rates will be in effect starting October 1, 2017 through September 30, 2018.

For the update, the increase in the IPPS operating payment rates for general acute care hospitals that successfully participate in the Hospital Inpatient

Quality Reporting Program and are also meaningful electronic health record users is approximately 1.2 percent. This 1.2 percent reflects the projected hospital market basket update of 2.7 percent adjusted by minus 0.6 percentage point adjustment for productivity. It also reflects another minus 0.6 adjustment to remove the one time adjustment of positive 0.6 that was made in 2017 to account for the effect the fiscal 2014 to 2016 effect of the two midnight policy, budget neutrality adjustment. It also includes a 0.4588 percent, a positive 0.4588 percentage point adjustment as required by the 21st Century Cures Act, and also a 0.75 percentage point reduction to the update that's required by the Affordable Care Act.

CMS projects that the rate increase, together with other changes in the IPPS payment policies will increase IPPS operating payments by approximately 1.3 percent, and that changes in uncompensated care payments will increase IPPS operating payments by an additional 0.7 percent.

Other payment adjustments that could affect individual hospitals would include penalties for excess readmissions, a 1 percent penalty for hospitals in the worst performing quartile under the Hospital Acquired Condition Reduction Program, as well as upward and downward adjustments under the Hospital Value-Based Purchasing Program.

We project the Medicare spending on inpatient hospital services, including capital will increase by about \$2.4 billion in fiscal 2018.

Another policy that included in the In-Patient Perspective Payment System final rule which regard to Medicare Uncompensated Care Payments for fiscal 2018 and Kimberly Go is going to discuss those.

Kimberly Go: Hi. So for uncompensated care, we are finalizing our policy – we are finalizing a policy of incorporating one year of uncompensated care cost data from Worksheet S-10 factor uncompensated care payment. So they'll be calculated using – to using three years of data, two of which are consistent proxy data or Medicaid days and Medicare SSI days and the third which are consist of the aforementioned Worksheet S-10 data.

The exceptions to this policy – the exception to this policy includes Indian Health Service hospitals, Puerto Rico hospitals and all inclusive rate providers. For those providers, we are double weighting the proxy data used in the – I used for 2013 in the computation of hospital uncompensated care payments.

In addition for – in addition, we are applying a trim for hospitals – for hospitals whose uncompensated care cost exceed 50 percent of their total operating expenses. For those hospitals, we will look at their 2015 – we will look at their 2015 cost report and determine the ratio of uncompensated care cost to total operating cost and apply that ratio to the total operating cost from the 2014 Cost Report.

And finally, we are allowing hospitals – we are allowing hospitals until September 30, 2017 to resubmit their Worksheet S-10 from 2014 and 2015 cost reports.

And now I'll turn back to – turn it back to Don.

Don Thompson: Thanks, Kim. Turn over to Mark Luxton to talk a little bit about some of the payment for Long-Term Care Hospital Prospective Payment System.

Mark Luxton: Hi, good afternoon. I'm Mark Luxton. So in the LTCH side or Long-Term Care Hospital side, for the rates, we are sending a 1 percent update in the fiscal year '18 from fiscal year '17 and that is set by statute under the MACRA. And so independent of any changes like market basket update et cetera, so it's flat 1 percent.

Secondly, we are imposing a one year moratorium, regulatory moratorium on the implementation of the 25 percent rule. And during that, what we plan to do is study whether or not we believe it is still necessary to move forward with – in 25 percent rule going forward.

Next and probably one of the bigger changes is a change to our short-stay outlier payment policy. So previously, the long-term hospitals will see a payment reduction for their shortest stay cases. And in the past, we have –

had up to four different options on paying these cases. In order to simplify that, we are now moving it to a single payment option which is graduated per diem. And then order to offset the much larger spending to short-stay cases, we're instituting the 3.5 percent budget neutrality adjustment to the long-term care standard pay case rate.

In addition, we are implementing various provision of the 21st Century Cures Act. This includes changes to the average length stay calculation exception to the site neutral payments rates for spinal cord specialty hospitals and severe wounds adjustments to the high cost outlier threshold and a few other provisions.

And in addition, I will switch over now to the low-volume hospital adjustment, this is on the IPPS side where we have a couple of changes there. One is based on the qualification – the requirements to qualify for the hospital and this is set by statute previously under provisions enacted under the ACA and further legislation to qualify the hospital needed 1,600 or pure Medicare discharges and needed to be located 15 miles or more from the closest subsection D hospital.

But those provisions are now expired and thus we are going back to our old criteria which was (seven) statutes and that is to qualify you have to have 200 or fewer total discharges that included both Medicare and non-Medicare. And you have to be located 25 or more miles from the nearest subsection D hospital.

The second change to the low-volume hospital is technically a parallel adjustment that we're instituting. In this case, starting with F.Y. '18 and moving forward for consideration for the low-volume hospital, in effect this parallel adjustment means that you only have to consider if you're a non-IHS or Indian Health Service facility, the location to the nearest non-Indian Health Service facility and likewise, you know it's reciprocal, or if you're an Indian Health Service facility, you only need to consider the distance to the nearest Indian health facility.

So that should make that portion a little easier. And with that, I will hand it over to (Tehila).

(Tehila): Hi, this is (Tehila). I'm going to talk about the F.Y. 2019 IPPS Wage Index Process. The first on our agenda is upcoming date for the Hospital Wage Index Development Timetable for fiscal year 2019. The next deadline is September 1, this Friday, 2017. That's the deadline for hospitals to request revisions to their Worksheet S-3 wage data and calendar year 2016 occupational mix data as included in the May 18th and July 12th, 2017 preliminary PUFs, respectively, and to provide documentation to support the request.

MACs must receive the revision requests and supporting documentation by this date, this Friday. The MACs will have approximately 10 weeks to complete their reviews, make determinations, and transmit revised data to CMS's Division of Acute Care.

The complete F.Y. 2019 Wage Index timeline is available on the F.Y. 2019 Wage Index homepage and at CSM www.cms.gov/medicare/medicare/fee-for-service, payment, then acute in-patient PSS then the wage index file items and F.Y. 2019 Wage Index homepage. And there you will find the complete F.Y. 2019 Wage Index timeline.

Next on our agenda is the F.Y. 2019 geographic reclassification deadline. So, this Friday, September 1st, 2017 is the deadline for hospitals to submit an application for an F.Y. 2019 Medicare Geographic Classification Review Board reclassification, the MGCRB, and request for a cancellation or withdrawal or termination. In other words, if a hospital wants to reclassify or want to reinstate previously withdrawn classification, they would contact the MGRCB to submit application by this Friday with a copy to CMS at wageindex.cms.gov – wageindex@cms.hhs.gov.

Please note that CMS annually post the three-year average hourly wage file and that's what we use to make determinations does the hospital meet certain criteria for MGCRB classification. After the final rule, CMS posted a file for F.Y. 2019 MGRCB geographic reclassification that contained incorrect wage

date for five hospitals located in CBSA 24860 and one hospital in CBSA 40340. Therefore, on August 16, 2017, CMS posted a revised file with the corrected wage data for these six hospitals.

So hospitals seeking reclassification through the MGCRB for FY 2019 should use the revised file posted by CMS that is posted on the website. The three-year hourly wage file is posted on the website, also under wage index file items, as well as the MGCRB deadline, are posted on the CMS website at Acute Inpatient PPS, Wage Index. And the MGRCB, of course, has information there as well.

With that, I will turn it over to Kim Go.

Kimberly Go: Hi ...

Don Thompson: Thank you. Sorry. Kim, you're just going to repeat the ...

Kimberly Go: Yes, I would just going to repeat the reminder of September 30th deadline for resubmitting Worksheet S-10 from 2012 and 2015 cost report. And that's it.

Jill Darling: All right. Well, thank you everyone for joining today's Hospital Open Door Forum. You will get some time back of your day. So, we appreciate you listening in and have a great day.

Operator: Thank you for participating in today's Hospital Quality Initiative Open Door Forum conference call. This call will be available for replay beginning today at 5:00 p.m. Eastern through midnight on August 31st.

The conference ID number for the replay is 60556102. The number to dial for the replay is 855-859-2056.

This concludes today's conference call. You may now disconnect.

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