

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1969	Date: November 9, 2017
	Change Request 10337

SUBJECT: Partial Settlement of 2-Midnight Policy Court Cases

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to provide instructions to Medicare Administrative Contractors (MACs) on how to ensure hospitals receive additional payments due to a partial settlement agreement regarding the 0.2 percent downward adjustment beginning in Fiscal Year ("FY") 2014.

EFFECTIVE DATE: December 11, 2017

**Unless otherwise specified, the effective date is the date of service.*

IMPLEMENTATION DATE: December 11, 2017

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	N/A

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

One Time Notification

Attachment - One-Time Notification

Pub. 100-20	Transmittal: 1969	Date: November 9, 2017	Change Request: 10337
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SUBJECT: Partial Settlement of 2-Midnight Policy Court Cases

EFFECTIVE DATE: December 11, 2017

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I. GENERAL INFORMATION

A. Background: The Centers for Medicare & Medicaid Services (CMS) has entered into a partial settlement agreement related to the following court cases: Oakwood Healthcare Center v. Burwell, (D.D.C. 15-1470), Oakwood Healthcare Center v. Burwell, (D.D.C. 16-1042), Dignity Health et al v. Sebelius, (D.D.C. 14-0536), and Shands Jacksonville Medical Center, Inc. et al. v. Burwell, (D.D.C. 15- 1150), which challenges the imposition of a 0.2 percent downward adjustment to the Inpatient Prospective Payment System (IPPS) beginning in Fiscal Year ("FY") 2014 to the standardized amount, the Puerto Rico standardized amount, the hospital-specific payment rates, the national capital Federal rate, and the Puerto Rico-specific capital rate, in order to offset an estimated increase in expenditures resulting from the 2-midnight policy adopted in the FY 2014 IPPS final rule. Due to this partial settlement agreement, an interest adjustment factor will be applied in Pricer when determining payments to the providers listed in attachment A for discharges occurring during the period from June 1, 2017 to May 31, 2018.

Instructions for Medicare Administrative Contractors (MACs)

For hospitals listed in column A of attachment A, MACs shall insert the Metropolitan Statistical Area (MSA) code listed in column B into the Actual Geographic Location-MSA field (data element 12) of the inpatient Provider Specific File (PSF) with an effective date of June 1, 2017. By inserting the MSA code into the PSF, Pricer will apply the adjustment listed in column C to the Operating and Capital Federal Payment Amount and the Hospital Specific Payment. MACs shall make this change to the PSF no later than 30 days after issuance of this Change Request (CR) to ensure that claims with a discharge date on or after June 1, 2017 are paid with this adjustment. If a MAC already inserted the MSA code into the PSF prior to the issuance of this CR, then no further action is necessary to adjust the hospital's payment.

MACs shall also ensure that this adjustment is only applied for discharges on or after June 1, 2017 through discharges on or before May 31, 2018. Therefore, for the providers listed in attachment A, MACs shall ensure that the Actual Geographic Location-MSA field (data element 12) is blank for discharges on or after June 1, 2018.

B. Policy: This is the result of a settlement agreement between CMS and the plaintiffs in multiple court cases.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility			
		A/B MAC	D M E	Shared- System Maintainers	Other

		A	B	H H H	M A C	F I S S	M C S	V M S	C W F	
10337.1	For hospitals listed in column A of attachment A, MACs shall insert the MSA code listed in column B into the Actual Geographic Location-MSA field (data element 12) of the inpatient Provider Specific File (PSF) with an effective date of June 1, 2017.	X								
10337.1.1	If a MAC already inserted the MSA code into the PSF prior to the issuance of this CR and the interest adjustment was applied to claims with discharge date on or after June 1, 2017, then the MAC shall take no further action to adjust the hospital's payment.	X								
10337.1.2	For hospitals listed in column A of attachment A, if the MACs did not insert the MSA code listed in column B into the Actual Geographic Location-MSA field (data element 12) of the inpatient Provider Specific File (PSF) with an effective date of June 1, 2017 and/or the interest adjustment was not applied to claims with a discharge date on or after June 1, 2017, MACs shall reprocess claims with a discharge date on or after June 1, 2017 to ensure the interest adjustment is applied.	X								
10337.2	MACs shall ensure that the interest adjustment is only applied for discharges on or after June 1, 2017 through discharges on or before May 31, 2018. Therefore, for the providers listed in attachment A, MACs shall ensure that the Actual Geographic Location-MSA field (data element 12) is blank for discharges on or after June 1, 2018.	X								

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC		H H H	D M E	C E D I
A	B	M A C				
	None					

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information: N/A
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Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Michael Treitel, 410-786-4552 or michael.treitel@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

ATTACHMENTS: 1

Provider	MSA Code	Adjustment
04-0118	9657	1000257
05-0093	9657	1000257
07-0002	9444	1000044
07-0008	9444	1000044
08-0003	9657	1000257
10-0073	9657	1000257
11-0006	9657	1000257
11-0027	9444	1000044
13-0007	9657	1000257
13-0013	9657	1000257
14-0008	9657	1000257
14-0158	9657	1000257
14-0276	9657	1000257
15-0012	9657	1000257
15-0076	9657	1000257
16-0064	9657	1000257
16-0069	9657	1000257
16-0080	9657	1000257
16-0153	9657	1000257
22-0066	9657	1000257
23-0002	9657	1000257
23-0004	9657	1000257
23-0020	9657	1000257
23-0029	9657	1000257
23-0031	9613	1000213
23-0058	9613	1000213
23-0059	9657	1000257
23-0066	9657	1000257
23-0069	9657	1000257
23-0081	9613	1000213
23-0142	9657	1000257
23-0156	9657	1000257
23-0176	9657	1000257
23-0230	9657	1000257
23-0259	9657	1000257
23-0270	9657	1000257
25-0006	9657	1000257
25-0034	9657	1000257
25-0044	9657	1000257
25-0100	9657	1000257
25-0141	9657	1000257
31-0021	9657	1000257
31-0029	9657	1000257
31-0061	9657	1000257
31-0096	9657	1000257
33-0003	9657	1000257

33-0057	9657	1000257
33-0103	9543	1000143
33-0140	9444	1000044
33-0151	9613	1000213
33-0180	9657	1000257
33-0232	9657	1000257
33-0406	9657	1000257
36-0012	9657	1000257
36-0035	9657	1000257
36-0266	9657	1000257
36-0358	9657	1000257
38-0052	9657	1000257
39-0116	9657	1000257
39-0118	9543	1000143
39-0156	9657	1000257
39-0204	9657	1000257
39-0258	9657	1000257
44-0016	9657	1000257
44-0048	9657	1000257
44-0130	9657	1000257
44-0131	9657	1000257