

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-19 Demonstrations	Centers for Medicare & Medicaid Services (CMS)
Transmittal 122	Date: October 2, 2015
	Change Request 9318

SUBJECT: Termination of the Rural Community Hospital Demonstration, Mandated by Section 410A of the Medicare Modernization Act and Extended by Sections 3123 and 10313 of the Affordable Care Act

I. SUMMARY OF CHANGES: The Rural Community Hospital Demonstration was mandated for a 5-year period by the section 410A of the Medicare Modernization Act of 2003, and extended for an additional 5-year period by sections 3123 and 10313 of the Affordable Care Act (ACA). Twenty-three hospitals have participated in the extension period. In accordance with the legislative language in the ACA, the period of performance for the demonstration will end on December 31, 2016. This CR gives instructions to the participating MACs for cost report settlement for the remainder of the respective periods of performance for each of the participating hospitals.

EFFECTIVE DATE: December 31, 2014

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

IMPLEMENTATION DATE: November 3, 2015

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	

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:

Demonstrations

Attachment - Demonstrations

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SUBJECT: Termination of the Rural Community Hospital Demonstration, Mandated by Section 410A of the Medicare Modernization Act and Extended by Sections 3123 and 10313 of the Affordable Care Act

EFFECTIVE DATE: December 31, 2014

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

IMPLEMENTATION DATE: November 3, 2015

I. GENERAL INFORMATION

A. Background: As of December 1, 2014, 22 hospitals were participating in the Rural Community Hospital demonstration, which was mandated by section 410A of the Medicare Modernization Act and extended by sections 3123 and 10313 of the Affordable Care Act.

There are two groups of participating hospitals:

- Originally Participating Hospitals: Out of 18 hospitals chosen between 2004 and 2008, seven hospitals are still participating in the demonstration. The Affordable Care Act grandfathered these hospitals, making them eligible for a second five-year period. These hospitals began the extension period on a staggered basis, with cost report start dates ranging from January 1, 2010 through October 1, 2010. Thus, the demonstration period of performance for these hospitals will have staggered end dates - from December 31, 2014 to September 30, 2015.
- Expansion Hospitals: In addition, 15 hospitals are participating as a result of the Affordable Care Act expansion. These began the demonstration on a staggered basis - with cost report start dates ranging from May 1, 2011 to January 1, 2012. The demonstration period of performance will have staggered end dates - from April 30, 2016 to December 31, 2016.

Change Request (CR) 7505, in conjunction with CRs 7898 and 8076, states the payment methodology for the demonstration, and identifies the participating hospitals. Four hospitals listed in this CR have voluntarily withdrawn from the demonstration. One of these hospitals, Franklin Memorial Hospital, participated in the extension period for 2 years and withdrew effective July 1, 2013.

There are four Medicare Administrative Contractors (MACs) servicing the demonstration hospitals: Noridian Healthcare Solutions, LLC, Wisconsin Physicians Service Insurance Corporation (WPS), Novitas Solutions, Inc., and National Government Services, Inc. (NGS).

This change request provides final settlement instructions to the MACs for the cost reporting periods that are included in the period of performance for the demonstration.

B. Policy:

1. The MACs shall conduct the final settlement of cost reports in accordance with the instructions on the payment methodology provided by CRs 7505, 7898, and 8076 and other CRs finalized for the demonstration.
1. Brookings Medical Center began its participation in the demonstration on January 1, 2009, pursuant to a solicitation for additional participants in 2008 allowing hospitals to participate for the remainder of the initial 5-year period authorized by section 410A of the Medicare Modernization Act. Under the terms of its demonstration agreement, the initial period of performance for the hospital concluded September 30, 2010. Under the terms of the extension authorized by the ACA, the hospital's period

of performance under the 5-year extension ends September 30, 2015.

1. For the final period of the demonstration for Brookings Medical Center, this CR instructs Noridian to conduct the final settlement according to the demonstration payment methodology on the period from January 1, 2015 to September 30, 2015.
1. NGS shall conduct the final settlement for Franklin Memorial Hospital (200037) for the cost reporting periods up to fiscal year end June 30, 2013 according to the demonstration payment methodology.

II. BUSINESS REQUIREMENTS TABLE

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

Number	Requirement	Responsibility							
		A/B MAC		D M E M A C	Shared- System Maintainers				Other
		A	B		H H H	F I S S	M C S	V M S	
9318.1	Tables A and B identify the hospitals currently participating in the Rural Community Hospital Demonstration, and the end dates for the period of participation. The MAC shall conduct the final settlement of cost reports in accordance with the instructions on the payment methodology finalized in CRs 7505, 7898, and 8076.	X							
9318.2	For the final period of the demonstration for Brookings Medical Center, Noridian shall conduct the final settlement according to the demonstration payment methodology on the period from January 1, 2015 to September 30, 2015. Starting from October 1, 2015, Brookings Medical Center shall return to the standard payment methodology for Medicare inpatient services effective October 1, 2015.	X							
9318.3	NGS shall conduct the final settlement for Franklin Memorial Hospital (200037) for the cost reporting periods up to fiscal year end June 30, 2013 according to the demonstration payment methodology.	X							

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility		
		A/B MAC	D M E	C E D

		A	B	H H H	M A C	I
	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:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Siddhartha Mazumdar, 410-786-6673 or siddhartha.mazumdar@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

TABLE A - Seven Originally Participating Hospitals

Hospital Name	Contractor	Start Date in Demonstration	Start Date for Extension Period	End Date
Central Peninsula Hospital - 20024	Noridian	7/1/2005	7/1/2010	6/30/2015
Bartlett Regional Hospital - 20008	Noridian	7/1/2005	7/1/2010	6/30/2015
Garfield Memorial Hospital - 460033	Noridian	1/1/2005	1/1/2010	12/31/2014
Brookings Health Center - 430008	Noridian	1/1/2009	10/1/2010	9/30/2015
Banner Churchill Community Hospital -290006	WPS	1/1/2005	1/1/2010	12/31/2014
Columbus Community Hospital - 280111	WPS	5/1/2005	5/1/2010	4/30/2015
Mt. Edgecumbe Hospital - 20027	Novitas	10/1/2008	10/1/2010	9/30/2015

TABLE B – 15 Expansion Hospitals

Hospital Name	Contractor	Start Date in Demonstration	End Date
Delta County Memorial Hospital – 60071	Novitas	1/1/2012	12/31/2016
Yampa Valley Medical Center - 60049	Novitas	10/1/2011	9/30/2016
Sterling Regional Medical Center - 60076	WPS	1/1/2012	12/31/2016
St. Anthony Regional Hospital - 160005	WPS	7/1/2011	6/30/2016
Grinnell Regional Medical Center - 160147	WPS	1/1/2012	12/31/2016
Skiff Medical Center - 160032	WPS	7/1/2011	6/30/2016
Lakes Regional Healthcare - 160124	WPS	7/1/2011	6/30/2016
Mercy Hospital (Fort Scott, KS) -	WPS	7/1/2011	6/30/2016

170058			
Mercy Hospital (Independence) - 170010	WPS	7/1/2011	6/30/2016
Geary Community Hospital -170074	WPS	5/1/2011	4/30/2016
Bob Wilson Memorial Hospital - 170110	WPS	1/1/2012	12/31/2016
Inland Hospital - 200041	NGS	9/28/2011	9/27/2016
Maine Coast Memorial Hospital - 200050	NGS	7/1/2011	6/30/2016
Marion General Hospital -250085	Novitas	10/1/2011	9/30/2016
Alta Vista Hospital -320003	WPS	9/1/2011	8/31/2016