



Quarterly Update to the Long Term Care Hospital (LTCH) Prospective Payment System (PPS) Fiscal Year (FY) 2020 Pricer

MLN Matters Number: MM11742 **Revised**

Related Change Request (CR)
Number: 11742

Related CR Release Date: **June 19, 2020**

Related CR Transmittal Number: **R10191CP**

Effective Date: For COVID-19 Payment Policies -
Admissions on or after 1/27/2020; LTCH DPP - For cost
reporting periods beginning on or after October 1, 2019

Implementation Date: July 6, 2020

Note: We revised this article to reflect a revised CR 11742, issued on June 19, 2020. CMS revised the CR to revise the COVID19 blanket waiver for the LTCH ALOS policy, to include revising the effective date and policy section. We updated that portion of this article. Also, we revised the CR release date, transmittal number, and the web address of the CR. All other information remains the same.

PROVIDER TYPES AFFECTED

This MLN Matters Article is for hospitals that submit claims to Medicare Administrative Contractors (MACs) for inpatient hospital services provided to Medicare beneficiaries by Long-Term Care Hospitals (LTCHs).

WHAT YOU NEED TO KNOW

CR 11742 updates the LTCH Pricer software used in Original Medicare claims processing. The new version includes the payment policy for an LTCH that is subject to the Discharge Payment Percentage (DPP) payment adjustment described in CR 11616. In addition, the CR includes new payment policy for the Novel Coronavirus Disease, COVID-19. Make sure your billing staffs are aware of these changes.

BACKGROUND

On February 14, 2020, the Centers for Medicare & Medicaid Services (CMS) issued [CR 11616](#) titled Implementation of the Long-Term Care Hospital (LTCH) Discharge Payment Percentage (DPP) Payment Adjustment to prepare the Medicare claims processing systems to calculate the LTCH PPS payment when an LTCH is subject to the DPP payment adjustment.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136), enacted on March 27, 2020, includes the waiver of certain site neutral payment rate provisions for LTCHs during the COVID-19 Public Health Emergency (PHE) period.

Policy changes for the implementation of the LTCH PPS site neutral payment rate under Section 1886(m)(6) of the Social Security Act (the Act) are described in [CR 9015](#). 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.

CMS will release a new LTCH PPS Pricer software package in April 2020 to include this temporary payment policy effective for claims with an admission date occurring on or after January 27, 2020. The maintainer of the Fiscal Intermediary Shared System (FISS) will install the new revised LTCH Pricer program timely to ensure accurate payments for LTCH PPS claims. These changes are effective for LTCH claims with an admission date occurring on or after January 27, 2020, through the duration of the COVID-19 PHE period.

As specified at Section 1886(m)(6)(C)(iv) of the Act, an LTCH's DPP is the ratio (expressed as a percentage) of the LTCHs' Fee-For-Service (FFS) discharges which received PPS standard Federal rate payment to the LTCHs' total number of Medicare discharges. Under the requirements at Section 1886(m)(6)(C)(ii) of the Act, effective for LTCH cost reporting periods beginning on or after October 1, 2019, LTCHs are subject to a payment adjustment that will apply to all of the LTCH's discharges in each successive cost reporting after it is notified that the DPP for its cost reporting period was calculated not to be at least 50 percent.

Policy changes for the LTCH DPP payment adjustment are described in CR 11616. 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 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 PPS standard Federal payment rate.

CMS has issued a blanket waiver of the requirement for LTCHs where an LTCH admits or discharges patients in order to meet the demands of the emergency from the 25-day Average Length of Stay (ALOS) requirement at 42 CFR 412.23(e)(2), which allows these hospitals to participate in the LTCH PPS. For all LTCH cost reporting periods which include the COVID-19 public health emergency (PHE) declaration blanket waiver period, which went into effect on March 1, 2020, MACs shall not calculate an average length of stay under the requirement at § 412.23(e)(2). The waiver of this requirement will continue for the duration of the PHE blanket waiver period. The MAC will resume standard practice for evaluation of average length of stay requirement beginning with the hospital's first cost reporting period, which does not include the PHE blanket waiver period.

In addition, during the applicable waiver time period, CMS has determined it is appropriate to issue a blanket waiver to hospitals not yet classified as LTCHs, but seeking classification as an LTCH, to exclude patient stays where the hospital admits or discharges patients in order to meet the demands of the emergency from the 25-day average length of stay requirement, which must be met in order for these hospitals to be eligible to participate in the LTCH PPS. Hospitals should add the "DR" condition code to applicable claims.

MACs may have processed claims impacted by the waiver of the site neutral payment rate provided by the CARES Act. For such claims, the MACs will locate and initiate adjustments of LTCH claims paid the site neutral rate with an admission date on or after January 27, 2020, through the successful implementation of the revised Pricer software by June 1, 2020.

ADDITIONAL INFORMATION

The official instruction, CR 11742, issued to your MAC regarding this change is available at <https://www.cms.gov/files/document/r10191CP.pdf>. If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

DOCUMENT HISTORY

Date of Change	Description
April 12, 2021	We replaced article links with links to related CRs.
June 22, 2020	We revised this article to reflect a revised CR 11742, issued on June 19, 2020. CMS revised the CR to revise the COVID19 blanket waiver for the LTCH ALOS policy, to include revising the effective date and policy section. We updated that portion of this article. Also, we revised the CR release date, transmittal number, and the web address of the CR. All other information remains the same.
April 24, 2020	Initial article released.

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