

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 10191	Date: June 19, 2020
	Change Request 11742

Transmittal 10060, dated April 24, 2020, is being rescinded and replaced by Transmittal 10191, dated, June 19, 2020 to revise the COVID19 blanket waiver for the LTCH ALOS policy, to include revising the effective date and policy section, as well as to revise the Medicare Administrative Contractor instructions by adding a new requirement 11742.3 and revising requirement 11742.3.1. All other information remains the same.

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

I. SUMMARY OF CHANGES: This Change Request (CR) updates the LTCH Pricer software used in Original Medicare claims processing. The new version includes new payment policy when an LTCH is subject to the discharge payment percentage payment adjustment described in CR 11616. In addition, new payment policy for the Novel Coronavirus Disease, COVID-19 is included. This recurring update notification applies to publication 100-04, chapter 3, section 20.3.4.

EFFECTIVE DATE: October 1, 2019 - For COVID-19 Payment Policies - Admissions on or after 01/27/2020; July 6, 2020 - LTCH DPP - For cost reporting periods beginning on or after October 1, 2019

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

IMPLEMENTATION DATE: July 6, 2020

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:

Recurring Update Notification

Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 10191	Date: June 19, 2020	Change Request: 11742
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I. GENERAL INFORMATION

A. Background: On February 14, 2020, Change Request (CR) 11616 titled *Implementation of the Long Term Care Hospital (LTCH) Discharge Payment Percentage (DPP) Payment Adjustment* was issued to prepare the Medicare claims processing systems to calculate the LTCH PPS payment when an LTCH is subject to the discharge payment percentage payment adjustment. This CR allows the Fiscal Intermediary Shared System (FISS) to install the LTCH Pricer.

Also, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136) that was enacted on March 27, 2020, includes the waiver of certain site neutral payment rate provisions for LTCHs during the COVID-19 public health emergency period.

B. Policy: Policy changes for the implementation of the LTCH PPS site neutral payment rate under section 1886(m)(6) of 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 public health emergency and occur during the COVID-19 public health emergency period.

A new LTCH PPS Pricer software package will be released in April 2020 to include this temporary payment policy effective for claims with an admission date occurring on or after January 27, 2020. The new revised LTCH Pricer program shall be installed 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 public health emergency period. (Additional instructions will be issued once the COVID-19 public health emergency period has concluded.)

As specified at section 1886(m)(6)(C)(iv) of the Act, an LTCH's discharge payment percentage (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 public health emergency period. Under this provision, for the purposes of calculating an LTCH's DPP, all admissions during the COVID-19 public health emergency 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.

The Centers for Medicare and Medicaid Services (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 § 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.

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	C W F	
11742.1	Medicare contractors shall install and pay claims with the revised fiscal year 2020 LTCH Pricer for discharges on or after October 1, 2019.					X				
11742.2	Medicare contractors shall locate and reprocess 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 by June 1, 2020.	X								
11742.3	For all LTCH cost reporting periods which include March 1, 2020, through the duration of the COVID-19 PHE declaration blanket waiver period, Medicare contractors shall not calculate an average length of stay under the requirement at § 412.23(e)(2). Medicare contractors shall 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.	X								
11742.3.1	For hospitals seeking LTCH classification, Medicare contractors shall ensure that, when calculating the average length of stay under § 412.23(e), discharges of patients that were admitted during the COVID-19	X								

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	
	public health emergency as identified by the inclusion of the “DR” condition code, are excluded from that calculation.								

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E	C E D I
		A	B	H H H		
11742.4	MLN Article: CMS will make available an MLN Matters provider education article that will be marketed through the MLN Connects weekly newsletter shortly after the CR is released. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1, instructions for distributing MLN Connects information to providers, posting the article or a direct link to the article on your website, and including the article or a direct link to the article in your bulletin or newsletter. You may supplement MLN Matters articles with localized information benefiting your provider community in billing and administering the Medicare program correctly. Subscribe to the “MLN Matters” listserv to get article release notifications, or review them in the MLN Connects weekly newsletter.	X				

IV. SUPPORTING INFORMATION

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

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
	CR 11616, Implementation of the Long Term Care Hospital (LTCH) Discharge Payment Percentage (DPP) Payment Adjustment

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

V. CONTACTS

Pre-Implementation Contact(s): Cami DiGiacomo, Cami.digiacom@cms.hhs.gov

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

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

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ATTACHMENTS: 0