

Small Entity Compliance Guide

Medicare Program: Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and Long-Term Care Hospital Prospective Payment System Changes and Fiscal Year 2012 Rates; Hospitals' FTE Resident Caps for Graduate Medical Education Payment

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CMS-1518-F and CMS-1430-F RIN 0938-AQ24; RIN 0938-AQ92

The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA, Pub.L. 104-121, as amended by Pub. L. 110-28, May 25, 2007) contains requirements for issuance of “small entity compliance guides.” Guides are to explain what actions affected entities must take to comply with agency rules. Such guides must be prepared when agencies issue final rules for which agencies were required to prepare a Final Regulatory Flexibility Analysis under the Regulatory Flexibility Act.

The complete text of this rule can be found on the CMS Web site at:

<http://www.cms.gov/AcuteInpatientPPS/IPPS/itemdetail.asp?filterType=none&filterByDID=-99&sortByDID=4&sortOrder=ascending&itemID=CMS1246981&intNumPerPage=10>.

We are revising the Medicare hospital inpatient prospective payment systems (IPPS) for operating and capital-related costs and the Medicare long-term care acute hospitals (LTCH-PPS) to implement changes arising from our continuing experience with these systems, and to implement certain provisions made by the TMA, Abstinence Education, and QI Program Extension Act of 2007 (TMA, Pub. L. 110-90), the Deficit Reduction Act of 2005 (Pub. L. 109-171), the Medicare Improvements and Extension Act under Division B, Title I of the Tax Relief and Health Care Act of 2006 (Pub. L. 109-432), and the Pandemic and All Hazards Preparedness Act (Pub. L. 109-417), the Medicare Improvements for Patients and Providers Act of 2008 (Pub. L. 110-275), the American Recovery and Reinvestment Act of 2009 (Pub.L. 111-5), The Patient Protection and Affordable Care Act (Pub. L. 111-152) (collectively known as the Affordable Care Act). In addition, in the Addendum to this final rule, we describe the changes to the amounts and factors used to determine the rates for Medicare hospital inpatient services for operating costs and capital-related costs. We also are setting forth the rate of increase limits for certain hospitals excluded from the IPPS that are paid on a reasonable cost basis subject to these limits. These changes are applicable to discharges occurring on or after October 1, 2011.

The great majority of the hospitals that participate in Medicare are small entities, either because their revenues fall below the Small Business Administration's size standards for small businesses (revenues of \$31.5 million or less in any 1 year), or because they are nonprofit, or both. Accordingly, our analysis under the Regulatory Flexibility Act assumes that all hospitals are small entities.

The effects of this final rule with comment vary considerably by type of hospital, location, bed size, and other variables. Overall, we estimate that payments to hospitals will increase by about 1.1 percent on average in Federal Fiscal Year 2011 (Note: This figure is greater than the estimate provided in CMS-1518-P.)

This rule imposes no direct Federal compliance requirements on hospitals. In order to assist hospitals in understanding and adapting to changes in Medicare regulations and in billing and payment procedures, we have developed a Hospital Center Web page for hospitals that includes substantial downloadable explanatory materials at <http://www.cms.hhs.gov/center/hospital.asp>. In addition, there is a Web page devoted specifically to the inpatient prospective payment system that includes substantial information at http://www.cms.hhs.gov/AcuteInpatientPPS/01_overview.asp.