

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

Small Entity Compliance Guide

CMS-1735-F

RIN 0938-AU11

Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long-Term Care Hospital Prospective Payment System and Final Policy Changes and Fiscal Year 2021 Rates; Quality Reporting and Medicare and Medicaid Promoting Interoperability Programs Requirements for Eligible Hospitals and Critical Access Hospitals

Federal Register Vol. 85, No. 182, Page 58432, September 18, 2020

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 final rule can be found on the CMS Web site at:

<https://www.cms.gov/medicare/acute-inpatient-pps/fy-2021-ipps-final-rule-home-page>.

We are revising the Medicare hospital inpatient prospective payment systems (IPPS) for operating and capital-related costs of acute care hospitals to implement changes arising from our continuing experience with these systems for FY 2021 and to implement certain recent legislation. We are also making changes relating to Medicare graduate medical education (GME) for teaching hospitals. In addition, we are providing the market basket update that will apply to the rate-of-increase limits for certain hospitals excluded from the IPPS that are paid on a reasonable cost basis, subject to these limits for FY 2021. We are updating the payment policies and the annual payment rates for the Medicare prospective payment system (PPS) for inpatient hospital services provided by long-term care hospitals (LTCHs) for FY 2021. In this FY 2021 IPPS/LTCH PPS final rule, we are finalizing changes to the new technology add-on payment pathway for certain antimicrobial products and other changes to new technology add-on payment and the collection of market-based rate information on the Medicare cost report for cost reporting periods ending on or after January 1, 2021. We are also finalizing the adoption of a market-based MS-DRG relative weight methodology beginning in FY 2024. We are establishing new requirements or revising existing requirements for quality reporting by acute care hospitals and PPS-exempt cancer hospitals. We established new requirements

and revised existing requirements for eligible hospitals and critical access hospitals (CAHs) participating in the Medicare and Medicaid Promoting Interoperability Programs. We are updating policies for the Hospital-Value Based Purchasing (VBP) Program, the Hospital Readmissions Reduction Program, and the Hospital-Acquired Condition (HAC) Reduction Program, Hospital Inpatient Quality Reporting (IQR) Program, the Prospective Payment System-Exempt Cancer Hospital Quality Reporting (PCHQR) Program, and the Promoting Interoperability Program.

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 \$38.5 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 vary considerably by type of hospital, location, bed size, and other variables. We estimate that operating payment for IPPS hospitals will increase by about 2.5 percent on average in FY 2021.

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 <https://www.cms.gov/center/provider-type/hospital-center.html>. In addition, there is a Web page devoted specifically to the inpatient prospective payment system that includes substantial information at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/index.html>.