

## FFY 2021 MEDICARE LONG-TERM ACUTE CARE HOSPITAL PROPOSED RULE – CMS-1735-P

On May 11, the Centers for Medicare & Medicaid Services (CMS) published its annual [proposed rule](#) updating the Long-Term Acute Care Hospital (LTCH) Prospective Payment System (PPS) effective Oct. 1, 2020 through Sept. 30, 2021 (this proposed rule will be published in the *Federal Register* on May 29). CMS estimates a 0.9%, or \$36 million, decrease in payments relative to federal fiscal year (FFY) 2020. Comments are due July 10 by 4 p.m. CT. CMS waived the traditional 60-day timeframe between the publication of the final rule and the start of the federal fiscal year. Thus, the final rule may be published as late as Sept. 1. (Note: a summary of the FFY 2021 Inpatient Prospective Payment System (IPPS) proposed rule can be found [here](#).)

**LTCH PPS Proposed Standard Rate Update (pgs. 1421-1422, 1449-1450, 1465):** CMS proposed an LTCH PPS standard rate update of 2.1% in FFY 2021 compared to FFY 2020. The rate reflects a 2.9% market basket update, a 0.4 percentage point productivity reduction mandated by the Affordable Care Act (ACA), and an estimated 0.5% reduction meant to reduce high-cost outlier payments. It also reflects a 0.1% increase for changes related to the wage index (see [Wage Index](#) below).

The proposed FFY 2021 standard rate is \$43,849.28 (compared to \$42,677.64 in FFY 2020), and a standard rate of \$42,993.68 for LTCHs that fail to submit required quality data.

CMS proposed a FFY 2021 high-cost outlier threshold of \$30,515, resulting in estimated outlier payments equal to 7.975% of estimated FFY 2021 payments for such cases.

**Rebase and Revise LTCH Market Basket (pgs. 1044-1082):** CMS proposed to rebase and revise the LTCH market basket to reflect a 2017 base year. The current LTCH market basket uses a 2013 base year, but the 2017 Medicare cost report represents the most complete data for purposes of calculating market basket cost weights. CMS seeks comment on this proposed change.

**LTCH Site-Neutral Rate Update (pgs. 1450-1454):** CMS proposed a FFY 2021 high-cost outlier threshold for site-neutral cases of \$30,006, an increase from \$26,994 in FFY 2020. For FFY 2021, CMS will fully implement LTCH site-neutral payments, moving away from blended LTCH PPS and site-neutral rates. All site-neutral cases will receive the full site-neutral payment rate.

**Wage Index (pgs. 1422-1439):** CMS proposed to adopt the Core-Based Statistical Area (CBSA) delineations published in the September 2018 Office of Management and Budget (OMB) [Bulletin No. 18-04](#). This reassigns or alters some counties, which may impact the wage index for some providers. In an effort to alleviate significant losses in revenue, CMS proposed a two-year transition period, adopting these new CBSA assignments effective Oct. 1, 2020 along with a 5% cap on the reduction of a provider's wage index for FFY 2021 compared to its wage index for FFY 2020. The full reduction would be implemented for FFY 2022. Also for FFY 2022, CMS intends to

propose any updates from the more recent March 2020 OMB [Bulletin No. 20-01](#), which was not issued in time for integration into these proposed rules.

In Illinois, counties that would experience changes under OMB Bulletin No. 18-04 include:

County	Current CBSA	Proposed CBSA
DeWitt	14010, Bloomington, IL	Rural
Ford	16580, Champaign-Urbana, IL	Rural
Fulton	Rural	37900, Peoria, IL
Johnson	Rural	16060, Carbondale, IL
Cook	16974, Chicago-Naperville-Arlington Heights, IL	16984, Chicago-Naperville-Evanston, IL
DuPage	16974, Chicago-Naperville-Arlington Heights, IL	16984, Chicago-Naperville-Evanston, IL
Grundy	16974, Chicago-Naperville-Arlington Heights, IL	16984, Chicago-Naperville-Evanston, IL
Kendall	16974, Chicago-Naperville-Arlington Heights, IL	20994, Elgin, IL
McHenry	16974, Chicago-Naperville-Arlington Heights, IL	16984, Chicago-Naperville-Evanston, IL
Will	16974, Chicago-Naperville-Arlington Heights, IL	16984, Chicago-Naperville-Evanston, IL

Further, CMS proposes using the FFY 2021 pre-floor, pre-reclassified IPPS hospital wage index for LTCHs in FFY 2021.

CBSA	Final FFY 2020	Proposed FFY 2021*
Bloomington	0.9235	0.9147
Cape Girardeau	0.8015	0.8047
Carbondale	0.8221	0.8213
Champaign-Urbana	0.8703	0.8685
Chicago-Naperville-Evanston	1.0405	1.0328
Danville	0.8993	0.9065
Decatur	0.8387	0.8355
Elgin	1.0502	1.0596
Kankakee	0.9038	0.9100
Lake County	1.0177	1.0228
Peoria	0.8604	0.8674
Rock Island	0.9059	0.8550
Rockford	0.9749	0.9727
St. Louis	0.9389	0.9350
Springfield	0.9461	0.9288
Rural	0.8242	0.8326

\*The actual wage index for an individual provider may be higher for FY 2021, as determined by the proposed 5% limit on decreases for any provider from the FY 2020 wage index value.

The proposed labor-related share is 68.0%.

**LTCH Quality Reporting Program (QRP) (pg. 1421 and 1579):** CMS proposed no changes to the LTCH QRP. A 2.0 percentage point reduction in the annual update rate will be applied to any LTCH that fails to submit required QRP data.

## Contact IHA

### Sources:

Centers for Medicare & Medicaid Services. Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long-Term Care Hospital Prospective Payment System and Proposed Policy Changes and Fiscal Year 2021 Rates; Quality Reporting and Medicare and Medicaid Promoting Interoperability Programs Requirements for Eligible Hospitals and Critical Access Hospitals. May 29, 2020. Available from: <https://www.federalregister.gov/documents/2020/05/29/2020-10122/medicare-programs-hospital-inpatient-prospective-payment-systems-for-acute-care-hospitals-and-the>. Accessed May 1, 2020.

Office of Management and Budget. Revised Delineations of Metropolitan Statistical Areas, Micropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of the Delineations of These Areas. OMB Bulletin No. 18-04. September 14, 2018. Available from: <https://www.whitehouse.gov/wp-content/uploads/2018/09/Bulletin-18-04.pdf>. Accessed May 1, 2020.

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