

AUGUST 2021

FFY 2022 MEDICARE LTCH FINAL RULE (CMS-1752-F)

On Aug. 13, the Centers for Medicare & Medicaid Services (CMS) [published](#) its annual final rule updating the Long Term Acute Care Hospital (LTCH) Prospective Payment System (PPS) effective Oct. 1, 2021 through Sept. 30, 2022. CMS estimates a 1.1%, or \$42 million, increase in payments relative to federal fiscal year (FFY) 2021 for LTCHs.

LTCH PPS Standard Rate Update: CMS finalized a LTCH PPS standard rate increase of 1.9% in FFY 2022 compared to FFY 2021. The rate reflects a 2.6% market basket update and a 0.7 percentage point productivity reduction. However, the majority of LTCHs can expect to see an increase around 0.9% due to the projected 0.8% decrease in high cost outlier payments as a percentage of total LTCH PPS standard federal payment rate payments. CMS will further reduce the annual update by 2 percentage points for LTCHs that fail to submit quality data. CMS also finalized a permanent budget neutrality adjustment factor of 0.991249 in FFY 2021 and an area wage index budget neutrality factor of 1.002848 for FFY 2022.

The final FFY 2022 standard rate is \$44,713.67, an increase from \$43,755.34 in FFY 2021. The final standard rate for LTCHs that fail to submit required quality data is \$43,836.08.

The final FFY 2022 high-cost outlier fixed-loss amount is \$33,015, an increase from the FFY 2021 fixed-loss amount of \$27,195.

CMS finalized use of FFY 2020 or, when FFY 2020 data was significantly impacted by the COVID-19 public health emergency (PHE), FFY 2019 data for FFY 2021 rate setting

LTCH Site-Neutral Rate Update: CMS finalized a high-cost outlier threshold for site-neutral cases of \$30,988, an increase from \$29,064 in FFY 2021.

All site-neutral cases will receive the full site-neutral payment rate, rather than the previous 50/50 blend of LTCH PPS and site-neutral rates. The cost of the last two years of the blended-rate (cost reporting periods starting in FFYs 2018 and 2019) is offset by a 4.6% payment cut to site-neutral payments in FFYs 2018 through 2026.

Wage Index: At this time, CMS has not made the FFY 2022 LTCH wage index data available. Please refer to LTCH wage index [website](#) for more information. The final FFY 2022 LTCH PPS labor-related share is 67.9%.

LTCH Quality Reporting Program (QRP): There are 17 quality measures in the FFY 2022 LTCH QRP (see Table FF1, *p. 45438*). LTCHs that fail to submit QRP data will experience a 2 percentage point reduction to their payment rate.

CMS requested feedback on its intention to make quality measurement for both quality reporting and value-based purchasing programs digital by 2025 through the use of digital quality measures (dQMs) and Fast Healthcare Interoperability Resources (FHIR). CMS received several

comments, and will continue working on the development of LTCH QRP proposals and regulatory policy guidance in future rulemaking.

CMS also requested feedback from stakeholders on using CMS hospital quality programs to close the health equity gap, including the potential creation of a Hospital Equity Score. CMS did not respond to any of the received suggestions or comments, but indicated it will continue working to develop policies on this topic.

Finally, CMS revised and finalized a refresh schedule for assessment-based quality measures (see Table FF4, *p. 45456*), claims-based quality measures (see Table FF5, *p. 45457*), and National Healthcare Safety Network (NHSN) measures (see Tables FF6 through FF9, *pp. 45458-45460*).

Adoption of COVID-19 Vaccination Coverage among Health Care Personnel (HCP) (COVID-19 HCP): CMS finalized the adoption of the COVID-19 Vaccination Coverage Among HCP measure with data collection beginning Oct. 1, 2021 for the FFY 2023 payment determination, and continuing with quarterly reporting for the calendar year (CY) 2022 reporting period/FFY 2024 payment determination and subsequent years. This measure will be available beginning with the Oct. 2022 Care Compare refresh.

Update to the Transfer of Health (TOH) Information to the Patient – Post-Acute Care (PAC) Measure: Beginning with the FFY 2023 LTCH QRP, CMS finalized updating the TOH measure denominator by eliminating patients discharged to their home under the care of an organized home health services organization or hospice.

[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 Policy Changes and Fiscal Year 2022 Rates; Quality Programs and Medicare Promoting Interoperability Program Requirements for Eligible Hospitals and Critical Access Hospitals; Changes to Medicaid Provider Enrollment; and Changes to the Medicare Shared Savings Program. August 13, 2021. Available from: <https://www.govinfo.gov/content/pkg/FR-2021-08-13/pdf/2021-16519.pdf>. Accessed August 23, 2021.

Centers for Medicare & Medicaid Services. Long-Term Care Hospital PPS Wage Index Files. Available from: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/LongTermCareHospitalPPS/wageindex>. Accessed August 23, 2021.