



MEDICARE PAYMENT FACT SHEET

MAY 2021

FFY 2022 MEDICARE LTCH PROPOSED RULE – CMS-1752-P

On April 27, the Centers for Medicare & Medicaid Services (CMS) [published](#) the desk copy of its annual proposed rule updating the Long Term Acute Care Hospital (LTCH) Prospective Payment System (PPS) effective Oct. 1, 2021 through Sept. 30, 2022 (this proposed rule will be published in the [Federal Register](#) on May 10). CMS estimates a 1.4%, or \$52 million, increase in payments relative to federal fiscal year (FFY) 2021 for LTCHs. Comments on this proposed rule are due to CMS by June 28. All page numbers in this summary refer to the desk copy of the proposed rule.

LTCH PPS Proposed Standard Rate Update (pp. 1216, 1744-1745, 1809, 1867-1868 and 1874):

CMS proposed an LTCH PPS standard rate increase of 1.2% in FFY 2022 compared to FFY 2021. The rate reflects a 2.4% market basket update, a 0.2 percentage point productivity reduction, and a 0.8% cut for high-cost outlier payments. CMS will further reduce the annual update by an additional 2 percentage points for LTCHs that fail to submit quality data. CMS also finalized a permanent budget neutrality adjustment factor of 0.991249, which accounts for the cost of eliminating the 25% threshold policy for FFY 2021 and subsequent years, and a proposed FFY 2022 area wage index budget neutrality factor of 1.002458.

The proposed FFY 2022 standard rate is \$44,827.87, an increase from \$43,755.34 in FFY 2021. The proposed standard rate for LTCHs that fail to submit required quality data is \$43,950.62.

CMS proposed a FFY 2022 high-cost outlier fixed-loss amount of \$32,680, an increase from the FFY 2021 fixed-loss amount of \$27,195.

LTCH Site-Neutral Rate Update (pp. 58, 1867): CMS proposed a FFY 2022 high-cost outlier threshold for site-neutral cases of \$30,967, an increase from \$29,051 in FFY 2021. CMS estimated an increase of 3.0% for site neutral payment rate.

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 (pp. 782, 1751 and 1874): For FFY 2022, CMS will continue to use the OMB delineations that were adopted in FFY 2015 (revised delineation issued in OMB Bulletin No. 13-01) to calculate the wage indices (updates in OMB Bulletin Nos. 15-01, 17-01 and 18-04). CMS proposed to use the FFY 2022 data used to calculate the inpatient PPS (IPPS) wage index to determine the applicable wage index values for FFY 2022 LTCH PPS.

At this time, CMS has not made FFY 2022 LTCH wage index data available. Please refer to LTCH wage index [website](#) for more information.

The proposed FFY 2022 labor-related share for the LTCH PPS is 68.0%.

LTCH Quality Reporting Program (QRP) (pp. 1220, 1222, 1393-1430): The 17 quality measures adopted for the FFY 2022 LTCH QRP are in Table IX.E (p. 1393). 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 fully digital by 2025 through the use of digital quality measures (dQMs) and Fast Healthcare Interoperability Resources (FHIR) APIs (pp. 1407-1411).

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 (pp. 1411-1417). The Hospital Equity Score would summarize the results of a group of measures and use multiple social risk factors. CMS requested comments on the following:

- Recommendations to collect and define quality measure including information on race and ethnicity, disability, language preference for reporting purposes
- Improvements in demographic data collection such as race, ethnicity, sex, sexual orientation and gender identity (SOGI), primary language, tribal membership and disability status
- Potential creation of a Hospital Equity Score to Synthesize Results Across Multiple Social Risk Factors

For additional information on these requests for information, see IHA's FFY 2022 IPPS proposed rule [fact sheet](#).

Finally, CMS outlined a plan for public reporting of LTCH QRP measures impacted by the COVID-19 public health emergency (PHE) temporary data reporting exemptions. The proposed refresh schedule for assessment-based quality measures is in Table IX.E.-04 (pp. 1427-1428), and the proposed refresh schedule for claims-based quality measures is in Table IX.E.-05 (p. 1428). The proposed refreshes for National Healthcare Safety Network (NHSN) measures are in Table IX.E.-06 through -09 on (pp. 1429-1430).

Proposed Adoption of COVID-19 Vaccination Coverage among Health Care Personnel (HCP) (COVID-19 HCP) (pp. 1395-1405): CMS proposed a new measure, COVID-19 Vaccination Coverage among HCP (COVID-19 HCP), beginning FFY 2023. This proposed measure supports CMS' Meaningful Measures Framework, focusing on the Promote Effective Prevention and Treatment of Chronic Disease through the Meaningful Measures Area of Preventive Care quality priority. The COVID-19 HCP is a measure developed by the Centers for Disease Control and Prevention (CDC) to track COVID-19 vaccination coverage among HCP in facilities such as LTCHs.

The denominator is the number of HCP eligible to work in the LTCH for at least one day during the reporting period, excluding persons with contraindications to COVID-19 vaccination as described by the CDC. The numerator is the cumulative number of HCP eligible to work in the LTCH for at least one day during the reporting period and who received a complete vaccination course against COVID-19 using a Food and Drug Administration (FDA)-authorized vaccine for COVID-19.

If finalized, CMS proposed quarterly reporting for this measure starting Oct. 1, 2021.

Proposed Update to the Transfer of Health (TOH) Information to the Patient – Post-Acute Care (PAC) Measure beginning with the FFY 2013 LTCH QRP (*pp. 1405-1406*): CMS proposed an update to the TOH-Patient measure. This is a process-based measure that assesses the timely transfer of a patient’s medication list upon discharge to a private home, board and care home, assisted living, group home, transitional living, or home under the care of a home health organization or hospice. CMS proposed updating the measure denominator for the TOH-Patient measure 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 Proposed Policy Changes and Fiscal Year 2022 Rates; Quality Programs and Medicare Promoting Interoperability Program Requirements for Eligible Hospitals and Critical Access Hospitals; Proposed Changes to Medicaid Provider Enrollment; and Proposed Changes to the Medicare Shared Savings Program. May 10, 2021. Available from: <https://www.federalregister.gov/public-inspection/2021-08888/medicare-program-hospital-inpatient-prospective-payment-systems-for-acute-care-hospitals-and-the>. Accessed May 5, 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 May 5, 2021.