

LTCH Provisions in Bipartisan Budget Act Signed into Law Dec. 26, 2013

LTCH Prospective Payment System (PPS) Payment for Selected Cases

Beginning Oct. 1, 2015, cases that were admitted to an LTCH immediately following discharge from an inpatient PPS hospital would be paid an LTCH PPS rate if they meet either of the following criteria:

- Prior inpatient PPS hospital stay included at least three days in an intensive care unit (ICU) or coronary care unit (CCU); or
- Discharged patient assigned to an MS-LTC-DRG for cases receiving greater than 96 hours of ventilator service in the LTCH.

Site-Neutral Payment for Selected Cases

- Effective Date. A site-neutral payment policy would take effect for cost reporting periods beginning on or after Oct. 1, 2015.
- Cases Paid Site-Neutral Rate:
 - Cases that do not meet the LTCH PPS criteria.
 - Cases with a psychiatric or rehabilitation principal diagnosis.
- Site-Neutral Rate:
 - LTCH cases paid the site-neutral rate would be paid the lesser of the following two options:
 1. The inpatient PPS-comparable per-diem rate (currently used to pay some short-stay outlier cases) plus outlier payment, if applicable; or
 2. 100% of estimated cost of the services.
 - No cap will be applied to a payment for site-neutral cases.
- Phase-In of Site-Neutral Policy: For cost reports beginning Oct. 1, 2015 through Sept. 30, 2017, cases subject to the site-neutral rate would be paid a blended rate that is based half on the site-neutral rate and half on the LTCH PPS rate.
- Regulatory Relief for Site-Neutral Cases: For discharges in cost reports beginning Oct. 1, 2015 or later, cases paid a site-neutral rate and Medicare Advantage cases would be exempt from the LTCH average length of stay calculation. Existing inpatient PPS hospitals that convert to an LTCH in the future would not receive this exemption.
- Facility Cap on Site-Neutral Cases: For cost reporting periods beginning Oct. 1, 2015 and thereafter, the Centers for Medicare & Medicaid Services (CMS) would annually inform each LTCH of its "LTCH discharge payment percentage." For cost reporting periods beginning Oct. 1, 2019 and thereafter, at least 50 percent of all of its discharges must be cases paid under the LTCH PPS, or the LTCH will be paid the inpatient PPS rate for all discharges for future cost reporting periods. LTCHs subject to this payment reduction may seek reinstatement under a process to be established by the Department of Health and Human Services (HHS) Secretary. (The parameters of this provision are being studied to assess how they

would likely be interpreted and implemented by CMS and to consider further advocacy on this item.)

- Study: By June 2019 the Medicare Payment Advisory Commission would be required to report to Congress on the effect of site-neutral payment on LTCHs and hospice, the need to continue applying the 25% Rule, and recommendations on how to change the site-neutral policy.

25% Rule

- Four-Year Extension of 25% Rule Relief. 25% Rule relief would be granted for four-years for cost reporting periods of Oct. 1, 2013 through Sept. 30, 2017.
- Hospital-within-Hospital (Hw) LTCHs. For this four-year period, HwH LTCHs would be held to the more lenient threshold of 50% (with a 75% threshold for rural LTCHs and LTCHs in MSA-dominant locations).
- Freestanding LTCHs. For this four-year period, freestanding LTCHs would be exempt from the 25% Rule.
- Grandfathered LTCHs. The approximately 17 “grandfathered LTCHs” would be permanently exempt from the 25% Rule.
- 25% Rule Study. By September 2016, CMS would be required to report to Congress on whether there is further need for the 25% Rule.

Moratorium on New LTCH Beds & Facilities

A two-plus year moratorium on new LTCH beds and facilities, with no exceptions, would be implemented from Jan. 1, 2015 through Sept. 30, 2017.

New LTCH Quality Measure

By October 2015, the HHS Secretary would be required to establish a quality measure on functional status for change in mobility for patients requiring ventilator support.

Calvary LTCH

In its LTCH rulemaking for fiscal years 2015 or 2016, CMS would report on a study of payments and regulations for the single cancer LTCH, Calvary Hospital in the Bronx, NY, including whether this hospital should return to being paid under the former cost-based payment system known as TEFRA.