American Hospital Association

LTCH PPS
FY 2021 Proposed Rule

Conference Call: June 10, 2020
CMS’s Estimated Fiscal Impact for FY 2021

- LTCH PPS *Standard Rate* Cases: +2.3% ($79 million)
- LTCH PPS *Site-neutral Rate* Cases: -21% (-$105 million)
- **NET** LTCH PPS Change from FY 2020: -0.9 (-$36 million)
**PROPOSED UPDATE: Standard Rate**

*Streamlined Rule:* No payment system or QRP changes

*Standard Rate Cases:* 75% of all LTCH Cases

*Proposed FY 2021 Updates*

- 2.9% market basket increase
  - Reduced for adjustments:
    - Affordable Care Act productivity adjustment (-0.4%)
    - Wage index BNA (reduction)
    - 25% Rule phase out (2nd of 3 reductions)

- Standard rate: $43,849.28

- Proposed rebasing and revising of LTCH market basket
  - Goal: to align payment increases with more current LTCH costs.
  - The rebasing process replaces the current 2013 data with 2017 data.
  - The revising process updates the cost categories and weights included in the market basket.
  - Data sample: 91% of the LTCH field; excluded LTCHs having a far lower rate (15% on average) of Medicare patients as a percent of all patients.

- High-cost outlier fixed loss amount of $30,515; an increase from current threshold of $26,778. ($27,121 in FY 2019; $27,381 in FY 2018; $21,943 in FY 2017; $16,423 in FY 2016; $14,972 in FY 2015)
  - 7.975% outlier pool for only standard cases
  - Calculated with only standard LTCH PPS cases
PROPOSED UPDATE: Site-neutral Rate

- Site-neutral Cases: 25% of all LTCH Cases
- Site-neutral Rates: *Lesser of* cost or IPPS-comparable rate (plus high-cost outlier)
- Site-Neutral Per Diem w High-Cost Outliers
  - Proposed IPPS Fixed loss amount: $30,006 *(FY 2019: $25,759)*
  - *(Site-neutral cases paid cost receive no outlier payment)*

- Blended Payments
  - No blended rate in FY 2021
    - ✓ This extension of blended payments is offset by a 4.6% cut to only site-neutral payments in FYs 2018-2026.
  - Transmittal 4046 (5-2018) authorized MACs to recoup this payment as of Oct. 1, 2017.

- Underpayment of Site-neutral Cases
  - Medicare covering only a portion of cost under both blend and full site-neutral rates.

![Underpayment of LTCH Site-neutral Cases](chart.png)

- Payment to Cost Ratio - Site-neutral Blended Payment
- Payment to Cost Ratio - Full Site-neutral Rate (no blend)
Proposed Wage Index Change

• OMB announced new wage area boundaries in Sept. 2018

• Proposed FY 2021 changes
  • Budget neutral overall
  • 5% cap on any decrease (no cap in FY 2022)
  • 34 urban counties change to rural
  • 47 rural counties change to urban

• Further OMB boundary updates issued in Mar 2020; if needed, adjustments would be proposed for FY 2022
DISCUSSION

-- Issues of concern?
-- Items to raise in AHA comment letter?
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Post-acute Care Resources:
www.aha.org/postacute