

Re-Basing Instructions for Sole Community Hospitals (SCHs)

Change Request (CR) 6189, Fiscal Year (FY) 2009 Inpatient Prospective Payment System (IPPS), Long Term Care Hospital (LTCH) PPS, and Inpatient Psychiatric Facility (IPF) PPS Changes, was issued on October 3, 2008. Among other issues, CR 6189 provided specific instructions for re-basing SCHs.

This...is revising the re-basing instructions in CR 6189 to accurately convert a FY 2006 hospital specific amount (HSP) rate to FY 2007 dollars. Contractors shall now use the following instructions when determining a SCH's HSP:

Section 122 of the Medicare Improvements for Patients and Providers Act of 2008 (Pub. L. 110-275) provides an option to SCHs that would allow them to rebase their hospital specific rates using data from their FY 2006 cost report (cost reporting periods beginning on or after October 1, 2005, and on or before September 30, 2006) if this results in a payment increase. FIs and A/B MACs shall use FY 2006 cost report data to recalculate the hospital specific amount (HSP) for all SCHs. Before this FY 2006 HSP rate can be compared to the current HSP rate from the Provider Specific File (PSF), the HSP rate computed from the FY 2006 cost report data shall be updated to FY 2007 dollars by applying a factor of 1.007820, which represents an update factor adjustment of 1.034 for FY 2007, and the following budget neutrality adjustments

Applicable Fiscal Year	Budget Neutrality Adjustment
1993	0.999851
1994	0.999003
1995	0.998050
1996	0.999306
1997	0.998703
1998	0.997731
1999	0.998978
2000	0.997808
2001	0.997174
2002	0.995821
2003	0.993111
2004	1.002608
2005	0.999876
2006	0.998993
2007	0.997395

In those cases where no payment increase results from using the FY 2006 HSP rate, a provider would continue to be paid the higher of the FY 1982, FY 1987, or FY 1996 HSP rate. However, if the FY 2006 cost report data amount is used, this HSP amount shall be updated to FY 2007 dollars, as described above, before entering this amount into the PSF. If the FY 2006 cost report data amount is used, it would be effective for the SCH's cost reporting periods beginning on or after January 1, 2009.