

## Small Entity Compliance Guide

### **Medicare Program: Changes to the Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and Fiscal Year 2010 Rates; and Changes to the Long-Term Care Hospital Prospective Payment System and Rate Years 2010 and 2009 Rates**

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**CMS-1406-F and IFC; CMS-1493-F; CMS-1337-F  
RIN 0938-AP33; RIN 0938-AP39; RIN 0938-AP76**

The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA, P.L. 104-121, as amended by P.L. 110-28, May 25, 2007) contains requirements for issuance of “small entity compliance guides.” Guides are to explain what actions affected entities must take to comply with agency rules. Such guides must be prepared when agencies issue final rules for which agencies were required to prepare a Final Regulatory Flexibility Analysis under the Regulatory Flexibility Act.

The complete text of this rule can be found on the CMS Web site at: <http://www.cms.hhs.gov/AcuteInpatientPPS/10FR>.

We are revising the Medicare hospital inpatient prospective payment systems (IPPS) for operating and capital-related costs to implement changes arising from our continuing experience with these systems, and to implement certain provisions made by the TMA, Abstinence Education, and QI Program Extension Act of 2007 (TMA, Pub. L. 110-90), the Deficit Reduction Act of 2005 (Pub. L. 109-171), the Medicare Improvements and Extension Act under Division B, Title I of the Tax Relief and Health Care Act of 2006 (Pub. L. 109-432), and the Pandemic and All Hazards Preparedness Act (Pub. L. 109-417), the Medicare Improvements for Patients and Providers Act of 2008 (Pub. L. 110 – 275), and the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5). In addition, in the Addendum to this final rule with comment period, we describe the changes to the amounts and factors used to determine the rates for Medicare hospital inpatient services for operating costs and capital-related costs. We also are setting forth the rate of increase limits for certain hospitals excluded from the IPPS that are paid on a reasonable cost basis subject to these limits,. These changes are applicable to discharges occurring on or after October 1, 2009.

The great majority of the hospitals that participate in Medicare are small entities, either because their revenues fall below the Small Business Administration’s size standards for small businesses (revenues of \$31.5 million or less in any 1 year), or because they are nonprofit, or both. Accordingly, our analysis under the Regulatory Flexibility Act assumes that all hospitals are small entities.

The effects of this final rule with comment vary considerably by type of hospital, location, bed size, and other variables. Overall, we estimate that payments to hospitals will increase by about

1.6 percent on average in 2010 (Note: This figure is higher than the estimate provided in CMS-1406-P.)

We are also updating the rates payable under the Medicare long-term care hospital prospective payment system (LTCH PPS) for discharges occurring on or after October 1, 2009. This final rule also includes a summary of public comments and finalization of the revision to the FY 2009 relative weights used under the LTCH PPS. Those revised weights are effective for LTCH PPS discharges occurring on after June 3, 2009 through September 30, 2009. In a June 3, 2009 interim final rule with comment period, CMS revised the FY 2009 relative weights under the LTCH PPS to be consistent with CMS's established budget neutrality methodology, as discussed in the earlier RY 2009 final rule. However, because effects vary from hospital to hospital, this rule may have a significant and positive impact on a substantial number of small entities.

This rule imposes no direct Federal compliance requirements on hospitals. In order to assist hospitals in understanding and adapting to changes in Medicare regulations and in billing and payment procedures, we have developed a Hospital Center Web page for hospitals that includes substantial downloadable explanatory materials at <http://www.cms.hhs.gov/center/hospital.asp>. In addition, there is a Web page devoted specifically to the inpatient prospective payment system that includes substantial information at [http://www.cms.hhs.gov/AcuteInpatientPPS/01\\_overview.asp](http://www.cms.hhs.gov/AcuteInpatientPPS/01_overview.asp).