



## **DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### **Centers for Medicare & Medicaid Services**

#### **42 CFR Parts 412, 413, 425, 455, and 495**

**[CMS-1752-P]**

**RIN 0938-AU44**

### **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**

**AGENCY:** Centers for Medicare & Medicaid Services (CMS), HHS.

**ACTION:** Proposed rule.

**SUMMARY:** We are proposing to revise the Medicare hospital inpatient prospective payment systems (IPPS) for operating and capital-related costs of acute care hospitals to implement changes arising from our continuing experience with these systems for FY 2022 and to implement certain recent legislation. In addition, we are proposing to rebase and revise the hospital market baskets for acute care hospitals, update the labor-related share, and provide the market basket update that would apply to the rate-of-increase limits for certain hospitals excluded from the IPPS that are paid on a reasonable cost basis, subject to these limits for FY 2022. We are also proposing policies relating to Medicare graduate medical education (GME) for teaching hospitals to implement certain recent legislation. The proposed rule would also update the payment policies and the annual payment rates for the Medicare prospective payment system (PPS) for inpatient hospital services provided by long-term care hospitals (LTCHs) for FY 2022. In this FY 2022 IPPS/LTCH PPS proposed rule, we are proposing to

NECTA delineations and the creation of a new Micropolitan Statistical Area which was then added as a new component to an existing Micropolitan Statistical Area. The Medicare wage index does not utilize NECTA definitions, and, as most recently discussed in FY 2021 IPPS/LTCH PPS final rule (85 FR 58746), we include hospitals located in Micropolitan Statistical areas in each State's rural wage index. Therefore, while we are proposing to adopt the updates set forth in OMB Bulletin No. 20–01 consistent with our longstanding policy of adopting OMB delineation updates, we note that specific wage index updates would not be necessary for FY 2022 as a result of adopting these OMB updates. In other words, these OMB updates would not affect any hospital's geographic area for purposes of the wage index calculation for FY 2022.

For FY 2022, we would continue to use the OMB delineations that were adopted beginning with FY 2015 (based on the revised delineations issued in OMB Bulletin No. 13–01) to calculate the area wage indexes, with updates as reflected in OMB Bulletin Nos. 15–01, 17–01 and 18-04.

We note that, in connection with our adoption in FY 2021 of the updates in OMB Bulletin 18-04, we adopted a policy to place a 5 percent cap, for FY 2021, on any decrease in a hospital's wage index from the hospital's final wage index in FY 2020 so that a hospital's final wage index for FY 2021 would not be less than 95 percent of its final wage index for FY 2020. We refer the reader to the FY 2021 IPPS/LTCH PPS final rule (85 FR 58753 through 58755) for a complete discussion of this transition. As finalized in the FY 2021 IPPS/LTCH PPS final rule, this transition is set to expire at the end of FY 2021. However, given the unprecedented nature of the ongoing COVID-19 PHE, we also seek comment on whether it would be appropriate to continue to apply a transition to the FY 2022 wage index for hospitals negatively impacted by our adoption of the updates in OMB Bulletin 18-04. For example, such an extended transition could potentially take the form of holding the FY 2022 wage index for those hospitals harmless from any reduction relative to their FY 2021 wage index. If we were to apply a transition to the FY 2022 wage index for hospitals negatively impacted by our adoption of the updates in OMB

Bulletin 18-04, we also seek comment on making this transition budget neutral, as is our usual practice, in the same manner that the FY 2021 transition was made budget neutral as discussed in the FY 2021 IPPS/LTCH PPS final rule (85 FR 58755).

### 3. Codes for Constituent Counties in CBSAs

CBSAs are made up of one or more constituent counties. Each CBSA and constituent county has its own unique identifying codes. There are two different lists of codes associated with counties: Social Security Administration (SSA) codes and Federal Information Processing Standard (FIPS) codes. Historically, CMS has listed and used SSA and FIPS county codes to identify and crosswalk counties to CBSA codes for purposes of the hospital wage index. As we discussed in the FY 2018 IPPS/LTCH PPS final rule (82 FR 38129 through 38130), we have learned that SSA county codes are no longer being maintained and updated. However, the FIPS codes continue to be maintained by the U.S. Census Bureau. We believe that using the latest FIPS codes will allow us to maintain a more accurate and up-to-date payment system that reflects the reality of population shifts and labor market conditions.

The Census Bureau's most current statistical area information is derived from ongoing census data received since 2010; the most recent data are from 2020. The Census Bureau maintains a complete list of changes to counties or county equivalent entities on the website at: <https://www.census.gov/programs-surveys/geography/technical-documentation/county-changes.html>. We believe that it is important to use the latest counties or county equivalent entities in order to properly crosswalk hospitals from a county to a CBSA for purposes of the hospital wage index used under the IPPS.

In the FY 2018 IPPS/LTCH PPS final rule (82 FR 38129 through 38130), we adopted a policy to discontinue the use of the SSA county codes and began using only the FIPS county codes for purposes of crosswalking counties to CBSAs. In addition, in the same rule, we implemented the latest FIPS code updates, which were effective October 1, 2017, beginning with the FY 2018 wage indexes. These updates have been used to calculate the wage indexes in a