

Imputed floor wage index impacts are for reference only and represent estimations based on publicly available data

**CMS FY 2022 Inpatient PPS Final Rule:
NJHA Imputed Floor & 5% Transition Cap Analysis**
(Includes Medicare Inpatient PPS Operating Payments and Medicare Outpatient PPS Operating Payments)

	Projected Medicare Payments (No Floor)	Projected Medicare Payments (With Floor)	Net Benefit: Imputed Floor Wage Index	Net Benefit (in ADDITION to Imputed Floor): 5% Extended Transition Cap*	Combined Net Benefit: Imputed Floor & 5% Extended Transition Cap
	FY 2022	FY 2022 <small>Imp Floor WI=1.1542</small>	FY 2022 <small>Imp Floor WI=1.1542</small>	FY 2022	FY 2022
Hospital					
AtlantiCare Regional Medical Center	\$107,155,349	\$115,934,293	\$8,778,944	\$0	\$8,778,944
Bayshore Community Hospital	\$30,811,623	\$33,335,935	\$2,524,312	\$202,176	\$2,726,488
Cape Regional Medical Center	\$29,932,048	\$31,970,729	\$2,038,681	\$0	\$2,038,681
Capital Health Medical Center - Hopewell	\$29,433,681	\$32,795,014	\$3,361,333	\$0	\$3,361,333
Capital Health Regional Medical Center	\$20,374,514	\$22,701,288	\$2,326,774	\$0	\$2,326,774
CarePoint Health Bayonne Medical Center	\$25,924,851	\$25,924,851	\$0	\$0	\$0
CarePoint Health Christ Hospital	\$20,847,108	\$20,847,108	\$0	\$0	\$0
CarePoint Health Hoboken University Medical Center	\$12,072,101	\$12,072,101	\$0	\$0	\$0
CentraState Medical Center	\$50,422,194	\$54,553,146	\$4,130,952	\$330,854	\$4,461,806
Chilton Medical Center	\$46,813,005	\$46,813,005	\$0	\$0	\$0
Clara Maass Medical Center	\$40,750,644	\$40,750,644	\$0	\$0	\$0
Community Medical Center	\$88,081,375	\$95,297,641	\$7,216,266	\$577,962	\$7,794,227
Cooper University Hospital	\$139,351,598	\$150,895,595	\$11,543,997	\$0	\$11,543,997
Deborah Heart and Lung Center	\$39,769,352	\$43,063,877	\$3,294,525	\$0	\$3,294,525
East Orange General Hospital	\$14,732,208	\$14,732,208	\$0	\$0	\$0
Englewood Hospital and Medical Center	\$111,527,968	\$111,527,968	\$0	\$0	\$0
Hackensack Meridian Health Pascack Valley Medical	\$20,334,666	\$20,334,666	\$0	\$0	\$0
Hackensack University Medical Center	\$236,132,538	\$236,132,538	\$0	\$0	\$0
HackensackUMC Mountainside	\$45,451,825	\$45,451,825	\$0	\$0	\$0
HackensackUMC Palisades	\$29,983,285	\$29,983,285	\$0	\$0	\$0
Hackettstown Medical Center	\$16,727,468	\$19,763,378	\$3,035,910	\$0	\$3,035,910
Holy Name Medical Center	\$74,228,271	\$74,228,271	\$0	\$0	\$0
Hudson Regional Hospital	\$7,187,411	\$7,187,411	\$0	\$0	\$0
Hunterdon Medical Center	\$36,254,081	\$38,378,850	\$2,124,769	\$0	\$2,124,769
Inspira Medical Center Elmer	\$10,638,580	\$11,207,602	\$569,022	\$0	\$569,022
Inspira Medical Center Vineland	\$68,973,236	\$68,973,236	\$0	\$0	\$0
Inspira Medical Center Woodbury	\$33,715,022	\$36,508,001	\$2,792,979	\$0	\$2,792,979
Jefferson Health (New Jersey Division)	\$101,572,219	\$109,986,542	\$8,414,323	\$0	\$8,414,323
Jersey City Medical Center	\$37,886,369	\$37,886,369	\$0	\$0	\$0
Jersey Shore University Medical Center	\$140,849,312	\$152,388,710	\$11,539,398	\$924,208	\$12,463,606
JFK Medical Center	\$65,942,420	\$71,344,901	\$5,402,482	\$0	\$5,402,482
Lourdes Medical Center of Burlington County	\$18,562,156	\$20,099,860	\$1,537,704	\$0	\$1,537,704
Memorial Hospital of Salem County, Inc.	\$11,030,293	\$11,620,267	\$589,974	\$0	\$589,974
Monmouth Medical Center	\$42,842,332	\$46,352,287	\$3,509,955	\$281,118	\$3,791,073
Monmouth Medical Center, Southern Campus	\$23,168,065	\$25,066,162	\$1,898,096	\$152,021	\$2,050,118
Morristown Medical Center	\$252,957,576	\$252,957,576	\$0	\$0	\$0
New Bridge Medical Center	\$5,574,320	\$5,574,320	\$0	\$0	\$0
Newark Beth Israel Medical Center	\$59,006,485	\$59,006,485	\$0	\$0	\$0
Newton Medical Center	\$32,221,840	\$34,110,289	\$1,888,449	\$0	\$1,888,449
Ocean Medical Center	\$76,477,689	\$82,743,296	\$6,265,607	\$501,822	\$6,767,430
Our Lady of Lourdes Medical Center	\$65,633,494	\$71,070,624	\$5,437,131	\$0	\$5,437,131
Overlook Medical Center	\$103,979,207	\$103,979,207	\$0	\$0	\$0
Penn Medicine Princeton Medical Center	\$56,193,707	\$60,797,504	\$4,603,796	\$0	\$4,603,796
R.W.J. University Hospital	\$166,849,379	\$166,849,379	\$0	\$0	\$0
R.W.J. University Hospital Hamilton	\$28,869,874	\$32,166,819	\$3,296,946	\$0	\$3,296,946
R.W.J. University Hospital Rahway	\$20,208,351	\$21,392,717	\$1,184,365	\$0	\$1,184,365
R.W.J. University Hospital Somerset	\$48,407,336	\$52,373,217	\$3,965,880	\$0	\$3,965,880
Raritan Bay Medical Center	\$33,598,468	\$36,351,098	\$2,752,630	\$0	\$2,752,630
Riverview Medical Center	\$50,578,088	\$54,721,812	\$4,143,724	\$331,877	\$4,475,601
Saint Barnabas Medical Center	\$120,476,618	\$120,476,618	\$0	\$0	\$0

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Hospital					
Saint Clare's Hospital/Denville	\$54,741,674	\$54,741,674	\$0	\$0	\$0
Saint Michael's Medical Center	\$30,208,223	\$30,208,223	\$0	\$0	\$0
Saint Peter's University Hospital	\$40,463,559	\$43,778,628	\$3,315,068	\$0	\$3,315,068
Shore Medical Center	\$35,337,512	\$37,744,361	\$2,406,849	\$0	\$2,406,849
Southern Ocean Medical Center	\$36,726,790	\$39,735,715	\$3,008,925	\$240,989	\$3,249,915
St. Francis Medical Center	\$14,285,422	\$15,916,820	\$1,631,398	\$0	\$1,631,398
St. Joseph's University Medical Center	\$98,660,018	\$98,660,018	\$0	\$0	\$0
St. Luke's Warren Hospital	\$21,815,755	\$25,775,151	\$3,959,395	\$0	\$3,959,395
St. Mary's General Hospital	\$26,977,001	\$26,977,001	\$0	\$0	\$0
Trinitas Regional Medical Center	\$22,798,839	\$24,135,027	\$1,336,188	\$0	\$1,336,188
University Hospital	\$36,971,130	\$36,971,130	\$0	\$0	\$0
Valley Hospital	\$138,498,831	\$138,498,831	\$0	\$0	\$0
Virtua	\$87,314,708	\$94,547,927	\$7,233,220	\$0	\$7,233,220
Virtua Memorial	\$41,214,018	\$44,628,220	\$3,414,202	\$0	\$3,414,202
Statewide	\$3,636,525,082	\$3,782,999,251	\$146,474,169	\$3,543,028	\$150,017,197
			37	9	37
			58%	14%	58%

Notes

* 5% Extended Transition Cap language per CMS (final rule, display copy, p. 964): "...for hospitals that received the transition in FY 2021, we are continuing a wage index transition for FY 2022 under which we will apply a 5 percent cap on any decrease in the hospital's wage index compared to its wage index for FY 2021 to mitigate significant negative impacts of, and provide additional time for hospitals to adapt to, the CMS decision to adopt the revised OMB delineations."

Source: CMS Impact Files and Tables from the FY 2022 Inpatient prospective payment system (PPS) final rule and CY 2021 outpatient PPS final rule.

- Medicare Payments include Medicare fee-for-service (FFS) inpatient operating (inlier (DRG), IME and DSH) and outpatient operating payments. Medicare capital and outlier payments are excluded.
- The extent to which changes in Medicare rates for FFS beneficiaries affect payment rates for Medicare Advantage (managed care) beneficiaries cannot be estimated based on available data, and are thus excluded from this analysis.
- Hospital-specific and statewide impacts are for reference only and represent estimations based on publicly available data. All impacts are subject to change based on updated data and policies issued by CMS or its intermediaries.

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CMS FY 2022 Inpatient PPS Final Rule: NJHA Analysis of Imputed Floor Wage Index and Extended 5% Transition Cap

Sources, Methodologies and Limitations

August 2020

The attached analysis provides an estimate of the impact to New Jersey acute care hospitals of two Medicare wage index provisions:

1. Imputed floor wage index. CMS implemented the imputed floor policy in FY 2005 in order to provide hospitals in all-urban states with similar protections from declines in their wage index that are available to hospitals in states with rural areas. This policy was discontinued at the close of FY 2018. Passage of the American Rescue Plan Act of 2021 (Pub. L. 117-2) permanently restores the imputed rural floor beginning in FY 2022, using the same methodology in place before it was discontinued. Per law, this policy is not budget neutral and would not require reductions to the standardized amount.

The imputed floor wage index for FY 2022 is 1.1542. **NJHA estimates that 37 hospitals will benefit from the provision in FY 2022 through an additional \$146.5 million in Medicare inpatient and outpatient PPS payments.**

2. Extended 5 percent transition cap. CMS will continue to use the revised market area delineations introduced in the FY 2021 inpatient PPS final rule, which included the establishment of a new Core Bases Statistical Area (CSBA) titled the New Brunswick-Lakewood, NJ CBSA comprised of Monmouth, Ocean and Middlesex counties (previously part of the New York-Jersey City-White Plains, NY-NJ CBSA) as well as Somerset county (previously part of the Newark, NJ-PA CBSA). CMS adopted for FY 2021 a 5 percent downside cap relative to the hospital's final wage index in the prior year (FY 2020). This cap is set to expire at the end of FY 2021.

Per the FY 2022 final rule, CMS will apply an extended transition to the FY 2022 wage index for hospitals that received the 5 percent transition in FY 2021. For those hospitals only, CMS will apply a 5 percent cap on any decrease in the hospital's FY 2022 wage index compared to its wage index for FY 2021 to mitigate significant negative impacts of, and provide additional time for hospitals to adapt to, the revised CBSA delineations. **NJHA estimates that 9 hospitals (in Monmouth and Ocean counties) will benefit from this provision by \$3.5 million. This amount is in addition to the benefit from the imputed floor wage index.** *[Note: hospitals in Middlesex county already have a higher wage index in FY 2022 through the occupational mix adjustment add-on or a successful reclassification; Somerset county did not receive the cap in FY 2021 and is therefore not eligible for the cap in FY 2022.]*

Below is additional information on modeling these provisions, including sources, methodology and limitations.

- NJHA’s analysis primarily uses CMS’ impact files and data tables (publicly available on the agency’s website) associated with the following regulations:
 - FY 2022 inpatient prospective payment system (PPS) final rule;
 - FY 2021 inpatient PPS final rule and correction notices; and
 - FY 2021 outpatient PPS final rule and correction notice.
- Source data can be accessed online at:
 - Inpatient PPS – <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/IPPS-Regulations-and-Notices>; and
 - Outpatient PPS – <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Hospital-Outpatient-Regulations-and-Notices>.
- “Medicare Payments” include Medicare fee-for-service (FFS) inpatient operating (inlier (DRG), IME and DSH) and outpatient operating payments. Medicare capital and outlier payments are excluded.
- The extent to which changes in Medicare rates for FFS beneficiaries affect payment rates for Medicare Advantage (managed care) beneficiaries cannot be estimated based on available data. As a result, and are thus excluded from this analysis.
- Geographic reclassifications are included to the extent that they are listed in the tables published by CMS that accompanied the FY 2022 inpatient PPS final rule and the FY 2021 inpatient PPS final rule (including any subsequent correction notices). Any reclassifications that were withdrawn or granted following the release of CMS’ wage index tables and impact files associated with these two regulations are outside the scope of this analysis and are not reflected in the impacts.
- ***Hospital-specific and statewide impacts are for reference only and represent estimations based on publicly available data. All impacts are subject to change based on updated data and policies issued by CMS or its intermediaries.***