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CMS finalizes 2018 payment and policy updates for Medicare hospital admissions

Final rule supports transparency, flexibility, program simplification and innovation in the Medicare program

Today, the Centers for Medicare & Medicaid Services (CMS) issued the fiscal year 2018 Medicare Inpatient Prospective Payment System and Long-Term Care Hospital Prospective Payment System final rule, which updates 2018 Medicare payment and policies when patients are discharged from hospitals. The final rule relieves regulatory burdens for providers, supports the patient-doctor relationship in healthcare, and promotes transparency, flexibility, and innovation in the delivery of care for Medicare patients.

"This final rule will help provide flexibility for acute and long-term care hospitals as they care for Medicare's sickest patients," said CMS Administrator Seema Verma. "Burden reduction and payment rate increases for acute care hospitals and long-term care hospitals will help ensure those suffering from severe injuries and illnesses have access to the care they need."

In the final rule, CMS is increasing the amount of uncompensated care payments made to acute care hospitals by $800 million to approximately $6.8 billion for fiscal year 2018. Uncompensated care represents healthcare services provided by hospitals or providers for which they don't get reimbursed. Often uncompensated care arises when people don't have insurance and cannot afford to pay the cost of care. CMS is also providing further clarification about discounts given to uninsured patients who meet the hospital's charity care policy.

In relieving providers of administrative burdens and encouraging patient choice, CMS is finalizing a one-year regulatory moratorium on the payment reduction threshold for patient admissions in long-term care hospitals. CMS continues to evaluate this policy. CMS is also finalizing provisions that reduce clinical quality measure reporting requirements for hospitals that have implemented electronic health records.

Due to the combination of payment rate increases and other policies and payment adjustments, particularly in changes in uncompensated care payments, acute care hospitals will see a total increase in Medicare spending on inpatient hospital payments of $2.4 billion in fiscal year 2018.

Based in part on the changes included in the final rule, overall payments to long-term care hospitals will decrease by $110 million in fiscal year 2018.

In addition to the payment and policy updates for Medicare hospital admissions, the final rule addresses changes to how the public is notified of Medicare terminations of certain providers and implements the statutory extension of the Rural Community Hospital Demonstration.

CMS also today issued a notice with comment period updating 2018 Medicare payment policies and rates for inpatient psychiatric facilities. CMS estimates that Medicare payments to inpatient psychiatric facilities will increase by $45 million, or nearly one percent, in fiscal year 2018.

For a fact sheet on the fiscal year 2018 Medicare Inpatient Prospective Payment System and Long-Term Care Hospital Prospective Payment System final rule, please visit: https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2017-Fact-Sheet-items/2017-08-02.html

For a fact sheet on the fiscal year 2018 Medicare Inpatient Psychiatric Prospective Payment System notice with comment period, please visit: https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2017-Fact-Sheet-items/2017-08-02-2.html

The fiscal year 2018 Medicare Inpatient Prospective Payment System and Long-Term Care Hospital Prospective Payment System final rule (CMS-1677-F) and the fiscal year 2018 Medicare Inpatient Psychiatric Prospective Payment System notice with comment period (CMS-1673-NC) can be downloaded from the Federal Register at: https://www.federalregister.gov/public-inspection