

FY24 Hospital Inpatient Prospective Payment System (IPPS) and Long-Term Care Hospital Prospective Payment System (LTCH) Proposed Rule - CMS-1785-P



CMS released the FY24 Medicare hospital inpatient prospective payment system (IPPS) and long-term care hospital prospective payment system (LTCH PPS) on April 10, 2023. Features of the proposed rule include:

IPPS Payment Rate Changes

For general acute care hospitals paid under IPPS, the proposed increase is projected to be 2.8%. This translates to a \$3.3 billion increase in hospital payments in FY24, and a \$115 million decrease in uncompensated care and disproportionate share hospital payments. Payments involving new medical technologies are expected to decrease by approximately \$460 million due to expirations of new technology add-on payments.

LTCH PPS Payment Rate Changes

The standard payment rate is projected to increase by 2.9%. Payments for discharges paid the standard payment are projected to decrease by \$59 million due to a nearly 5% decrease in high-cost outlier payments.

Safety-Net Hospital Request for Information

CMS is seeking public input from safety-net hospitals on the challenges faced by uninsured and underinsured patients, racial and ethnic minority populations, the LGBTQ+ community, and other historically underserved populations who may face additional barriers to accessing healthcare services. This request for information advances CMS focus on health equity by identifying approaches to better support safety-net hospitals.

Social Determinants of Health (SDOH) Diagnosis Code Update

CMS proposes to change the severity designation of three ICD-10-CM codes describing homelessness (unspecified, sheltered, and unsheltered) from a “non-complication or comorbidity” to a “complication or comorbidity”, as costs of care associated with these codes are, on average, higher than without. This will translate to a higher payment for services rendered with these updated severity codes.

COVID-19 Treatments Add-on Payment (NCTAP)

Assuming the COVID-19 public health emergency ends, as anticipated by HHS, in May 2023, NCTAP would apply to discharges of eligible products through September 30, 2023.

NTAP Policy Changes for FY24

Beginning in FY25, CMS proposes to require NTAP applicants to have a complete and active FDA market authorization application request when submitting the NTAP application. CMS also proposes moving forward the FDA approval deadline from July 1 to May 1. These policy changes are meant to increase transparency via the NTAP application process.

NTAP Approvals and Applications

CMS proposes to continue approving 11 technologies (3 drugs, 8 devices) for NTAP add-on payments and discontinue approval of 15 technologies (9 drugs, 6 devices) for NTAP add-on payments in FY24. CMS received 27 NTAP applications under the traditional pathway for FY24, but 8 applications were withdrawn prior to the issuance of the proposed rule. The remaining 19 applications (16 drugs, 3 devices) were discussed in the proposed rule (1 drug was listed twice due to its seeking approval for 2 different indications). CMS also received 27 NTAP applications under the alternative pathways for FY24, with 7 withdrawing their applications. The remaining 20 (17 for Breakthrough or Pending Breakthrough Designation Devices, 3 for Qualified Infectious Disease Products) were summarized in the proposed rule.

MS-DRG Changes for FY24

Beginning with FY24, all MS-DRG classification change requests must be submitted via the Medicare Electronic Application Request Information System (MEARIS). Requests will no longer be considered if sent via email. Application requests are due October 20th of each year.

- In FY21, a proposal to expand criteria to include a third severity level (NonCC, or non-complication or comorbidity) was finalized. The application of this criterion to existing MS-DRGs was delayed due to the Public Health Emergency. The FY24 rule proposes to continue the delay of the application through FY25 and CMS welcomes feedback from the public for further consideration.
- CMS proposes to create 15 new MS-DRGs and delete 16 MS-DRGs for FY24; the majority of these changes were in MDC 05: Diseases and Disorders of the Circulatory System and MDC 06: Diseases and Disorders of the Digestive System. In addition, there were revisions to 25 MS-DRGs including ICD-10-CM or ICD-10-PCS reassignments and title changes.



At Magnolia Market Access, our team of experienced health policy and reimbursement experts can strategically support your hospital administered products by modeling the financial impact of policies contained in proposed and final rules, analyzing the implications of SDOH, writing public comment letters, creating or reclassifying MS-DRGs, and submitting ICD-10-CM, ICD-10-PCS and NTAP applications.

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