

To: Hospitals Reimbursed Under the Outpatient Prospective Payment System

From: CareFirst of Maryland, Inc., Medicare Part A

Subject: Changes in Transitional Outpatient Payment (TOP) for 2004

Date: December 22, 2003

I. GENERAL INFORMATION

A. Background: This bulletin describes changes in the hospital Outpatient Prospective Payment System (OPPS) for services furnished during calendar years 2004 and 2005. The information in this bulletin supersedes Transmittal 15 (CR 2908) that was issued on October 31, 2003 (originally posted to www.marylandmedicare.com on November 4, 2003). It reflects changes resulting from enactment of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, (MPDA) on December 8, 2003.

B. Policy: As of January 1, 2004, TOPs are being discontinued for all community mental health centers (CHMCs) and all hospitals except rural hospitals having 100 or fewer beds, sole community hospitals (SCHs) (§1886 (d) (5) (D)(iii) of the Act) which are located in rural areas, and cancer hospitals and children's hospitals as described in §§1886(d)(1)(B) (iii) and (v) of the Act. The interim TOP payments for these hospitals shall be calculated as 85% of the hold harmless amount (the amount by which the provider's charges multiplied by its PCR exceeds the provider's OPPS payments.) Be advised that for the CMHCs and hospitals for which TOPs will be discontinued, interim TOPs will be paid for services furnished through December 31, 2003.

Fiscal intermediaries (FIs) are responsible for permanently continuing hold harmless TOP interim payments for cancer hospitals and children's hospitals in accordance with the provisions of the Statute. Hold harmless TOPs shall continue through December 31, 2005, for rural hospitals having 100 or fewer beds, in accordance with the provisions of the MPDA. In addition, hold harmless TOPs shall apply to SCHs which are located in rural areas, with respect to services furnished during the period that begins with the provider's first cost reporting period beginning on or after January 1, 2004, and ends on December 31, 2005, in accordance with the provisions of the MPDA. Note that if a qualifying SCH has a cost reporting period that begins on a date other than January 1, TOPs and interim TOP payments will not be paid for services furnished after December 31, 2003 and before the beginning of provider's next cost reporting period. If a hospital qualifies as both a rural hospital having 100 or fewer beds and as a SCH located in a rural area, for purposes of receiving TOPs and interim TOPs, the hospital will be treated as a rural hospital having 100 or fewer beds.

The *effective date* of this bulletin is January 1, 2004. The *implementation date* is January 5, 2004.

(Source: Publication 100-20 OTN, Change Request 3015, December 19, 2003)

THIS BULLETIN SHOULD BE SHARED WITH ALL HEALTH CARE PRACTITIONERS AND MANAGERIAL MEMBERS OF THE PROVIDER/SUPPLIER STAFF. ALL BULLETINS ISSUED AFTER OCTOBER 1, 1999 ARE AVAILABLE AT NO COST FROM OUR WEB SITE AT www.marylandmedicare.com.