

April 16, 2020

## CMS Releases Guidance Implementing CARES Act Provisions

The Centers for Medicare & Medicaid Services (CMS) yesterday released [new guidance](#) implementing several provisions included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. These provisions include:

- A Medicare add-on payment of 20% for both rural and urban inpatient hospital COVID-19 patients;
- Waiver of the long-term care hospital (LTCH) site-neutral policy for COVID-19 patients;
- Waiver of the LTCH “50% Rule” for COVID-19 patients; and
- Waiver of the inpatient rehabilitation facility (IRF) “3-hour Rule” for COVID-19 patients.

### HIGHLIGHTS OF THE GUIDANCE

**Diagnosis-related Group (DRG) Add-on Payment.** The CARES Act provided for a 20% add-on to the inpatient prospective payment system (PPS) DRG rate for COVID-19 patients for the duration of the public health emergency. CMS states that it will identify discharges of an individual diagnosed with COVID-19 using the following ICD-10 diagnosis codes:

- U07.1 (COVID-19) for discharges occurring on or after April 1, 2020
- B97.29 (Other coronavirus as the cause of diseases classified elsewhere) for discharges occurring on or after Jan 27, 2020 and on or before March 31, 2020

Further coding guidance is available for discharges [on or after April 1](#) and [prior to April 1](#).

For discharges with the diagnosis codes above, CMS will apply an adjustment factor to increase the DRG weight by 20% when determining inpatient PPS operating payments. Inpatient PPS claims for COVID-19 discharges on or after Jan. 27 that are received by CMS before April 21 will be automatically reprocessed to reflect the payment increase. Claims received on or after April 21 will be processed reflective of the 20% increase.

### LTCH Provisions.

LTCH Site-neutral Payment Policy. As required by the CARES Act, CMS waives the LTCH site-neutral policy for admissions to LTCHs during the COVID-19 emergency. To

implement this provision, the Medicare claims processing systems will pay all LTCH admissions during the emergency a standard LTCH PPS rate, instead of a site-neutral rate, effective with admissions occurring on or after Jan. 27, 2020. Claims for admissions on or after Jan. 27 that are received by CMS before April 21 will be automatically reprocessed to reflect the standard rate. Claims received on or after April 21 will be processed reflective of the standard rate.

#### LTCH 50% Rule.

The CARES Act also waives the LTCH 50% Rule during the emergency. This policy requires that LTCHs, in order to keep their LTCH designation, limit their site-neutral cases to 50% or less of all patients. CMS specifies that when assessing 50% Rule compliance, all admissions during the emergency period will be counted in the numerator of the calculation.

**IRF 3-hour Rule.** In alignment with the CARES Act, CMS waives the IRF 3-hour Rule during the COVID-19 emergency. This policy requires that IRF patients receive at least 15 hours of therapy per week. This waiver supersedes guidance provided by CMS in its March 31 interim final rule with comment, which implemented certain COVID-19 relief.

#### **Further Questions**

If you have questions, please contact AHA at 800-424-4301.