

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-20 One-Time Notification</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 13035</b>	<b>Date: January 6, 2025</b>
	<b>Change Request 13949</b>

**SUBJECT: Extensions of Certain Temporary Changes to the Low-Volume Hospital Payment Adjustment and the Medicare-Dependent Hospital (MDH) Program under the Inpatient Prospective Payment System (IPPS) provided by the American Relief Act, 2025**

**I. SUMMARY OF CHANGES:** The purpose of this Change Request (CR) is to direct the A/B MACs to ensure the provider specific file (PSF) is updated to reflect the provisions of sections 3201 and 3202 of the American Relief Act, 2025.

**EFFECTIVE DATE: January 8, 2025 - Per the American Relief Act, 2025 payments for the MDH and low-volume hospitals were extended to March 31, 2025.**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: January 8, 2025 - Per the American Relief Act, 2025 payments for the MDH and low-volume hospitals were extended to March 31, 2025.**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	

**III. FUNDING:**

**For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**IV. ATTACHMENTS:**

**One Time Notification**

# Attachment - One-Time Notification

Pub. 100-20	Transmittal: 13035	Date: January 6, 2025	Change Request: 13949
-------------	--------------------	-----------------------	-----------------------

**SUBJECT: Extensions of Certain Temporary Changes to the Low-Volume Hospital Payment Adjustment and the Medicare-Dependent Hospital (MDH) Program under the Inpatient Prospective Payment System (IPPS) provided by the American Relief Act, 2025**

**EFFECTIVE DATE: January 8, 2025 - Per the American Relief Act, 2025 payments for the MDH and low-volume hospitals were extended to March 31, 2025.**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: January 8, 2025 - Per the American Relief Act, 2025 payments for the MDH and low-volume hospitals were extended to March 31, 2025.**

**I. SUMMARY OF CHANGES:** The purpose of this Change Request (CR) is to direct the A/B MACs to ensure the provider specific file (PSF) is updated to reflect the provisions of sections 3201 and 3202 of the American Relief Act, 2025.

## **II. GENERAL INFORMATION**

**A. Background:** Under the provisions of the Consolidated Appropriations Act, 2024 (CAA, 2024) (Pub. L. 118-42), the temporary changes to the qualifying criteria payment adjustment methodology for certain low-volume hospitals and the MDH program were set to expire on December 31, 2024. On December 21, 2024, President Biden signed into law the American Relief Act, 2025 (Pub. L. 118-158). Section 3201 provides an extension of the temporary changes to the qualifying criteria and payment adjustment methodology for certain low-volume hospitals through March 31, 2025 and section 3202 provided an extension of the MDH program through March 31, 2025.

This Change Request (CR) directs the A/B MACs to ensure the provider specific file (PSF) is updated to reflect the provisions sections 3201 and 3202 of the American Relief Act, 2025.

### **B. Policy: 1. Low-Volume Hospital Payment Adjustment**

Prior to the enactment of the American Relief Act, 2025, on December 21, 2024, the temporary changes to the low-volume hospital payment adjustment originally provided by the Affordable Care Act, and extended by subsequent legislation, which expanded the definition of a low-volume hospital and modified the methodology for determining the payment adjustment for hospitals meeting that definition, was effective through December 31, 2024. Section 3201 of the American Relief Act, 2025, provides an extension of the temporary changes to the qualifying criteria and payment adjustment methodology for certain low-volume hospitals through March 31, 2025.

Under these temporary changes, to qualify a hospital must have less than 3,800 total discharges and be located more than 15 road miles from the nearest IPPS hospital, and the applicable percentage increase is based on a continuous, linear sliding scale ranging from an additional 25 percent payment adjustment for low-volume hospitals with 500 or fewer discharges to a zero percent additional payment for low-volume hospitals with more than 3,800 discharges. (For additional information, refer to the FY 2025 IPPS/Long-Term Care Hospital (LTCH) Prospective Payment System (PPS) final rule (89 FR 69348 through 69349).) Instructions related to the

implementation of the low-volume hospital payment adjustment for FY 2025 discharges, prior to the provisions of the American Relief Act, 2025, were included in CR 13734.

A hospital that received the low-volume hospital payment adjustment for the portion of FY 2025 ending December 31, 2024, will continue to receive a low-volume hospital payment adjustment for the discharges occurring on or after January 1, 2025 through March 31, 2025 (as long as it continues to meet the applicable mileage criterion, i.e., is located more than 15 road miles from the nearest IPPS hospital).

As noted above, under current law the temporary changes to the qualifying criteria and payment adjustment methodology for certain low-volume hospitals are effective for discharges occurring through March 31, 2025. Beginning April 1, 2025, to qualify for the 25 percent payment adjustment a hospital must have less than 200 total discharges and be located more than 25 road miles from the nearest IPPS hospital, consistent with §412.101(b)(2)(i). (For additional information, refer to the FY 2025 IPPS/Long-Term Care Hospital (LTCH) Prospective Payment System (PPS) final rule (89 FR 69348 through 69349).)

For FY 2025 discharges occurring before April 1, 2025, the Pricer will calculate the low-volume hospital payment adjustment for hospitals that have a value of ‘Y’ in the low-volume indicator (“Temporary Relief Indicator” field - Data Element 17) on the PSF using the adjustment factor value in the “LV Adjustment Factor” field (Data Element 59) on the PSF. Therefore, if a hospital qualifies for the low-volume hospital payment adjustment for the portion of FY 2025 occurring before January 1, 2025, the MAC shall ensure the “Temporary Relief Indicator” field on the PSF holds a value of ‘Y’. For such hospitals, the MAC shall also update the “LV Adjustment Factor” field on the PSF with a value greater than 0 and less than or equal to 0.25, determined using the low-volume hospital payment adjustment factor formula at 42 CFR 412.101(c)(3). Likewise, if a hospital qualifies for the low-volume hospital payment adjustment for the portion of FY 2025 beginning on April 1, 2025 (that is, meets the low-volume hospital definition in §412.101(b)(2)(i)), the MAC shall ensure the “Temporary Relief Indicator” field on the PSF holds a value of ‘Y’ and the “LV Adjustment Factor” field on the PSF holds a value of 0.25.

For a hospital qualified for the low-volume hospital payment adjustment for the portion of FY 2025 ending on March 31, 2025 that no longer meets the low-volume hospital definition for the portion of FY 2025 beginning on April 1, 2025, and therefore the hospital is no longer eligible to receive a low-volume hospital payment adjustment effective April 1, 2025, the MAC shall update the “Temporary Relief Indicator” field to hold a value of ‘blank’ and update the “LV Adjustment Factor” on the PSF to hold a value of ‘blank’.

## **2. Medicare-Dependent Hospital (MDH) Program**

Prior to the enactment of the American Relief Act, 2025, on December 21, 2024, the special payment provisions provided to a Medicare dependent small rural hospital (MDH) was effective through December 31, 2025. Section 3202 of the American Relief Act, 2025, provides an extension of the MDH program, through March 31, 2025.

A hospital that was classified as an MDH for the portion of FY 2025 ending December 31, 2024 may continue to be classified as such without reapplying as long as it continues to meet the applicable criteria at 42 CFR 412.108. Therefore, if a hospital qualifies for MDH classification for the portion of FY 2025 occurring before April 1, 2025, the MAC shall ensure that the provider type in the PSF reflects the correct value for providers classified as MDHs. Specifically, the “Provider Type” field (Data Element 9) on the PSF must contain a value of “14” or “15” (as applicable) if the provider was classified as an MDH as of December 31, 2024. Note, any hospital that requested a cancellation of its rural classification under §412.103(g), is not eligible for continued MDH classification, and the MAC must ensure the “Provider Type” field on the PSF has been updated to hold a value of “00” or “07” (as applicable).



Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	<p>PSF (Data Element 9) reflect the appropriate values under the extension of the MDH program provided by the American Relief Act, 2025, for providers classified as MDHs.</p> <p>Note: Due to the expiration of MDH program, effective April 1, 2025, providers with a provider type value of '14' shall be updated to '00' and providers with a provider type value of '15' shall be updated to '07'.</p>									

**IV. PROVIDER EDUCATION**

None

**Impacted Contractors:** None

**V. SUPPORTING INFORMATION**

**Section A: Recommendations and supporting information associated with listed requirements:** N/A

*"Should" denotes a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:

**Section B: All other recommendations and supporting information:** N/A

**VI. CONTACTS**

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

**VII. FUNDING**

**Section A: For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**ATTACHMENTS: 0**