

**U.S. House and Senate Notification**

**Wednesday, April 30, 2014**

**To: Congressional Health Staff**

**From: Jennifer Boulanger  
Deputy Director, Office of Legislation  
Centers for Medicare & Medicaid Services**

**Re: CMS Issues Medicare Hospital Inpatient Payment Proposed Rule for Fiscal Year 2015**

Today, the Centers for Medicare & Medicaid Services (CMS) issued a proposed rule that would update fiscal year (FY) 2015 Medicare payment policies and rates for inpatient stays at general acute care and long-term care hospitals (LTCHs).

CMS projects the payment rate update to general acute care hospitals will be 1.3 percent. The rate update for long term care hospitals will be 0.8 percent. CMS is proposing to update the wage index by using the most recent labor market area delineations issued by the Office of Management and Budget using 2010 Census data with a transition period for certain hospitals.

The proposed rule would implement the Hospital Acquired Conditions (HAC) Reduction program beginning in FY 2015, where hospitals in the top quartile for their rate of HACs (i.e., those with the poorest performance) will have their payment reduced by one percent. The rule also includes proposals to update the measures and policies for the Hospital Value-Based Purchasing program and the Readmissions Reduction program, and includes revisions to measures for the Hospital Inpatient Quality Reporting program, the Long-Term Care Hospital Quality Reporting program, and the PPS-Exempt Cancer Hospital Quality Reporting program.

The proposed rule went on display at the Office of the Federal Register today and is available at <http://ofr.gov/inspection.aspx>. Public comments on the proposal will be accepted until June 30, 2014. The press release and fact sheets are attached. If you have any questions, please contact the CMS Office of Legislation.