

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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Center for Clinical Standards and Quality/Quality, Safety & Oversight Group

Ref: QSO-20-06-Hospitals/CAHs

DATE: December 18, 2019

TO: State Survey Agency Directors

FROM: Director
Quality, Safety & Oversight Group

SUBJECT: Updates to the State Operations Manual (SOM) Chapters 2 and 3 Related to Excluded Hospitals with Excluded Units

Memorandum Summary

- In the Fiscal Year (FY) 2019 Inpatient Prospective Payment System (IPPS)/Long-Term Care Hospital PPS (LTCH PPS) final rule, the Centers for Medicare & Medicaid Services (CMS) revised regulations to specify that, effective with cost-reporting periods beginning on or after October 1, 2019, an IPPS-excluded hospital may have an excluded psychiatric and/or rehabilitation unit.
- To align with the payment regulations, CMS is updating sections of SOM Chapters 2 & 3 where the certification process for excluded hospitals and units are discussed. These updates address the process for complying with the regulations, including the assignment of CMS Certification Numbers (CCNs).

Background

In the FY 2019 IPPS/LTCH PPS final rule (83 FR 41144, 41513 (8/17/18)), CMS revised payment policy to specify that, effective with cost-reporting periods beginning on or after October 1, 2019, an IPPS-excluded hospital will be permitted to have an excluded psychiatric and/or rehabilitation unit. In addition, the rule noted that an IPPS-excluded hospital may not have an IPPS-excluded unit of the same type (psychiatric or rehabilitation) as the hospital operating the unit (for example, an inpatient rehabilitation facility (IRF) may not have an IRF unit).

SOM Chapter 2 & 3 Revisions: CMS made changes to its systems to process claims from the excluded units which required assigning appropriate CCNs to IPPS-excluded units of IPPS-excluded hospitals so that the number is unique and intelligent (consistent with established policies on the assignment of CCNs to hospitals). Specifically, CMS created new alpha-character

combinations in the third and fourth digits of the CCN field to identify IPPS-excluded units of IPPS-excluded hospitals. Therefore, CMS is updating the certification and CCN assignment process in these chapters.

Resources: The recently published CMS Medicare Learning Network (MLN) newsletter “[Systems Changes to Allow IPPS-Excluded Hospitals to Operate IPPS-Excluded Units](#)” provides additional information and content.

Contact: Questions should be submitted to the CMS hospital resource mailbox: QSOG_hospital@cms.hhs.gov.

Effective Date: Upon issuance.

/s/
David Wright
Director

Attachment:
Advanced Copy SOM Chapter 2 and Chapter 3

cc: Survey and Certification Regional Office Management

CMS Manual System

Pub. 100-07 State Operations

Provider Certification

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal

Date:

SUBJECT: Revisions to the State Operations Manual (SOM) Chapter 2 and Chapter 3

I. SUMMARY OF CHANGES: This transmittal includes revisions to sections in the SOM Chapter 2 and Chapter 3 to reflect the addition of excluded units in excluded hospitals per FY 2019 IPPS/LTCH PPS final rule (83 FR 41513).

NEW/REVISED MATERIAL - **EFFECTIVE DATE:** Upon Issuance
IMPLEMENTATION DATE: Upon Issuance

The revision date and transmittal number apply to the red italicized material only. 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 not updated.)
(R = REVISED, N = NEW, D = DELETED) – (Only One Per Row.)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	2/2779A1/ CCN for Medicare Providers
R	2/2779A2/ CCN for Suppliers
R	2/2779C/ Special Numbering System for Units of Hospitals and CAHs That Are Excluded From the Inpatient Prospective Payment System (IPPS) and Hospitals and CAHs with Swing-Bed Approval
N	2/2779C1 - Special Numbering System for IPPS Excluded Hospitals with IPPS excluded Units
R	3/3100/ Hospitals and Hospital Units Excluded From IPPS - Annual Self-Attestation
R	3/3102/ General Information on IPPS Exclusion Deemed Providers and Suppliers
R	3/3104D/ Long-Term Care Hospitals
R	3/3104E/Hospitals within Hospitals

III. FUNDING: No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2020 operating budgets.

IV. ATTACHMENTS:

	Business Requirements
X	Manual Instruction
	Confidential Requirements
	One-Time Notification
	Recurring Update Notification

2779A1 – CCN for Medicare Providers

(Rev.)

The CCN for providers and suppliers paid under Medicare Part A have 6 digits. The first 2 digits identify the State in which the provider is located. The last 4 digits identify the type of facility.

Following is a list of all State Codes:

Alabama	01	New Hampshire	30
Alaska	02	New Jersey	31, 83
Arizona	03, 00	New Mexico	32, 96
Arkansas	04, 89	New York	33, 57
California	05, 55, 75, 92	North Carolina	34, 86
Colorado	06, 91	North Dakota	35
Connecticut	07, 81	Ohio	36, 72
Delaware	08	Oklahoma	37, 90
District of Columbia	09	Oregon	38, 93
Florida	10, 68, 69	Pennsylvania	39, 73
Georgia	11, 85	Puerto Rico	40, 84
Hawaii	12	Rhode Island	41
Idaho	13, 54	South Carolina	42, 87
Illinois	14, 78	South Dakota	43
Indiana	15	Tennessee	44, 88
Iowa	16, 76	Texas	45, 67, 74, 97
Kansas	17, 70	Utah	46
Kentucky	18	Vermont	47
Louisiana	19, 71, 95	Virgin Islands	48
Maine	20	Virginia	49
Maryland	21, 80	Washington	50, 94
Massachusetts	22, 82	West Virginia	51, 58
Michigan	23	Wisconsin	52
Minnesota	24, 77	Wyoming	53
Mississippi	25	Canada	56
Missouri	26, 79	Mexico	59
Montana	27	American Samoa	64
Nebraska	28	Guam	65
Nevada	29	Commonwealth of the Northern Marianas Islands	66
		Foreign Countries	99

(exceptions: Canada and Mexico)

New State codes must only be used when all of the existing assigned numbers have been assigned within each of the CCN ranges available for a facility type.

Assign the last 4 digits, which identify the facility type, sequentially from within the appropriate CCN range. In a State that has more than one State code and/or a facility type that has more than one CCN range available, ensure that all the numbers available in one CCN range have been

assigned before implementing the use of a new State code or numbers in a new CCN range.

For example: You are assigning a CCN to a new Community Mental Health Center (CMHC) in Florida. Florida has three State Codes: 10, 68 and 69 and three number ranges for CMHCs: 1400-1499, 4600-4799, and 4900-4999. You have been using State Code 68 and the CCN range 4900-4999 for CMHC in Florida, and you last assigned 4999 in that State to a CMHC. Given this information, consider the following scenarios:

- Scenario 1. Review the CCN records for Florida to determine if all the numbers in CCN range 4600-4799 were assigned. It is determined that all those numbers were previously assigned in Florida. Therefore, look to CMHC CCN range 1400-1499 as those numbers have not been assigned in Florida; assign 681400 as the CCN for the new CMHC that is being processed.
- Scenario 2. Review the CCN records for Florida to determine if all the numbers in CCN range 4600-4799 were previously assigned in Florida. It is determined that some, but not all, of the numbers in that CCN range were assigned. The last number in that range that was assigned was 4701. Assign 684702 as the CCN for the new CMHC that is being processed.
- Scenario 3. Review the CCN records for Florida to determine if all the numbers in CCN range 4600-4799 were previously assigned in Florida. It is determined that all the numbers in that range were previously assigned in Florida. It is then determined after a review of the CCN records that all of the numbers in CCN range 1400-1499 were previously assigned in Florida. Look to see if all three CMHC CCN ranges for State Code 10 have been assigned. It is determined that all three CCN ranges have been previously assigned. Then look to State Code 69. You find that no CCN for CMHC in Florida has been assigned under State Code 69. The new CCN that will be assigned to the new Florida CMHC will be 691400 because is the first CCN range under State Code 69 listed for CMHCs. However, if it is determined that one of the CMHC CCN ranges under State Code 69 has been previously assigned, begin with the next available number in that CCN range.

NOTE: Once the remaining pool of two digit State numeric codes are exhausted, CMS will implement a two digit alpha-numeric code system for State Codes. For example: A0, A1, A2,... B0, B1, B2,..., Z8, and finally Z9). This numbering system will provide a pool of 260 new State Codes for future use.

Use the following CCN ranges for the facility types indicated:

0001-0879	Short-term (General and Specialty) Hospitals
0880-0899	Reserved for hospitals participating in ORD demonstration project
0900-0999	Multiple Hospital Component in a Medical Complex (Numbers Retired)
1000-1199	Federally Qualified Health Centers (also CCN range 1800-1989)
1200-1224	Alcohol/Drug Hospitals (Numbers Retired)

1225-1299	Medical Assistance Facilities
1300-1399	Critical Access Hospitals
1400-1499	Continuation of Community Mental Health Centers (also CCN ranges 4600-4799 and 4900-4999)
1500-1799	Hospices
1800-1989	Federally Qualified Health Centers (also CCN range 1000-1199)
1990-1999	Religious Non-medical Health Care Institutions (formerly Christian Science Sanatoria (Hospital Services)
2000-2299	Long-Term Care Hospitals (Excluded from IPPS)
2300-2499	Hospital-based Renal Dialysis Facilities
2500-2899	Independent Renal Dialysis Facilities
2900-2999	Independent Special Purpose Renal Dialysis Facility <u>1/</u>
3000-3024	Formerly Tuberculosis Hospitals (Numbers Retired)
3025-3099	Rehabilitation Hospitals (Excluded from IPPS)
3100-3199	Home Health Agencies (also CCN ranges 7000-8499 and 9000-9799)
3200-3299	Continuation of Comprehensive Outpatient Rehabilitation Facilities (also CCN ranges 4500-4599 and 4800-4899)
3300-3399	Children's Hospitals (Excluded from IPPS)
3400-3499	Continuation of Rural Health Clinics (Provider-based) (also CCN ranges 3975-3999 and 8500-8899)
3500-3699	Hospital-based Satellite Renal Dialysis Facilities
3700-3799	Hospital-based Special Purpose Renal Dialysis Facility <u>1/</u>
3800-3974	Rural Health Clinics (Free-standing) (also CCN range 8900-8999)
3975-3999	Rural Health Clinics (Provider-based) (also CCN ranges 3400-3499 and 8500-8899)
4000-4499	Psychiatric Hospitals (Excluded from IPPS)
4500-4599	Comprehensive Outpatient Rehabilitation Facilities (also CCN ranges 3200-3299 and 4800-4899)
4600-4799	Community Mental Health Centers (also CCN ranges 1400-1499 and 4900-4999)
4800-4899	Continuation of Comprehensive Outpatient Rehabilitation Facilities (also CCN ranges 3200-3299 and 4500-4599)
4900-4999	Continuation of Community Mental Health Centers (also CCN ranges 1400-1499 and 4600-4799)
5000-6499	Skilled Nursing Facilities
6500-6989	Outpatient Physical Therapy Services

6990-6999	Numbers Reserved (formerly Christian Science Sanatoria (Skilled Nursing Services))
7000-8499	Continuation of Home Health Agencies (also CCN ranges 3100-3199 and 9000-9799)
8500-8899	Continuation of Rural Health Clinics (Provider-based) (also CCN ranges 3400-3499 and 3975-3999)
8900-8999	Continuation of Rural Health Clinics (Free-standing) (also CCN range 3800-3974)
9000-9799	Continuation of Home Health Agencies (also CCN ranges 3100-3199 and 7000-8499)
9800-9899	Transplant Centers
9900-9999	Reserved for Future Use
1/	Special Purpose Renal Dialysis Facilities (SPRDFs – these facilities will be assigned the same CCN whenever they are recertified)

NOTE: Religious Nonmedical Health Care Institutions (RNHCI) are not certified by SAs. The CCN for RNHCIs are assigned by the Boston CMS RO.

EXCEPTION - Organ procurement organizations (OPOs) are assigned a 6-digit alphanumeric CCN. The first 2 digits identify the State Code. The third digit is the alpha character “P.” The remaining 3 digits are the unique facility identifier.

***EXCEPTION-** As of the cost reporting period beginning on or after October 1, 2019, an IPPS-excluded hospital is no longer precluded from having an IPPS-excluded psychiatric and/or rehabilitation unit. See section 2779C and 2779C1 for additional CCN numbering detail. Note: An IPPS-excluded hospital may not have an IPPS-excluded unit of the same type (psychiatric or rehabilitation) as the hospital (for example, an Inpatient Rehabilitation Facility (IRF) may not have an IRF unit).*

2779A2 –CCN for Suppliers *(Rev.)*

Suppliers that are paid by Part B carriers have a 10-digit alphanumeric CCN. The first 2 digits identify the State in which the supplier is located. (See list of State Codes under subsection **2779A1**.) The third digit is an alpha character that identifies the type of facility. The remaining 7 digits are the unique facility identifier. (Exception: CLIA numbers will continue to be used for fee and certificate issuance.)

The RO assigns the following alpha-characters in the third position as indicated:

C - Ambulatory Surgical Centers

D - Clinical Laboratory Improvement Amendments of 1988 (CLIA) Laboratories

X - Portable X-Ray Facilities

(**Exception:** CLIA numbers are system generated by the database that maintains the CLIA application.)

The last 7 digits of the CCN for the above suppliers will be within the number series 0000001-9999999.

Examples:

ASC	10C0001062
CLIA	45D0634589
Portable X-Ray	21X0009807

2779C - Special Numbering System for Units of Hospitals That Are Excluded From *the Inpatient* Prospective Payment System (IPPS), CAHs, and both Hospitals and CAHs with Swing-Bed Approval (Rev.)

An alpha character in the third position of *a hospital's or CAH's* CCN identifies either *its* swing-bed approval or *its status as an IPPS-excluded* rehabilitation or psychiatric unit. The first 2 digits identify the State in which the provider is located. The third position (which is alpha) identifies the type of unit or swing-bed designation. **The last 3 digits must be exactly the same as the last 3 digits of the CCN of the hospital or CAH operating the unit(s), unless as noted below in Section 2779C1.**

Note: As of the cost reporting period beginning on or after October 1, 2019, an IPPS-excluded hospital is no longer precluded from having an IPPS-excluded psychiatric and/or rehabilitation unit (see Section 2779C1 for CCN numbering).

The RO assigns the following alpha-characters in the third position as indicated:

M - Psychiatric Unit of a *CAH*
R - Rehabilitation Unit of a *CAH*
S - Psychiatric Unit *of a Short-Term, Cancer, Children's, LTCH, or Rehabilitation Hospital*
T - Rehabilitation Unit *of a Short-Term, Cancer, Children's, LTCH, or Psychiatric Hospital*
U - Swing-Bed *Approval* for Short-Term Hospitals
W- Swing-Bed *Approval* for Long-Term Care Hospitals
ZZ - Swing-Bed *Approval* for *CAHs*

EXAMPLE: 21-0101 - ABC Hospital (*Short-Term* Hospital)

- 21-T101 - ABC Hospital's *IPPS-excluded* Rehabilitation Unit

- 21-S101 – ABC Hospital’s IPPS-excluded Psychiatric Unit
- 21-U101- ABC Hospital’s Swing-bed Approval
- **NOTE:** If it meets the applicable requirements, an acute care hospital or a CAH could have swing-bed approval, an IPPS-excluded rehabilitation unit, and/ or an IPPS-excluded psychiatric unit.

2779C1- Special Numbering System for IPPS-Excluded Hospitals with IPPS-Excluded Units
(New)

If an IPPS-excluded hospital also has an IPPS-excluded unit, the fourth position within the CCN requires an additional alpha-character to identify the IPPS-excluded unit type. Note: No special fourth position alpha character is needed for cancer hospitals.

The RO assigns the following alpha-characters in the fourth position as indicated in the table below. Note: This table does not apply to CAHs.

<u>Parent IPPS-Excluded Hospital</u>	<u>Psychiatric Unit Range</u>	<u>Rehab Unit Range</u>
LTCH XX-2000 through XX-2299	XX-SA00 through XX-SA99	XX-TA00 through XX-TA99
XX-2000 through XX-2099		
XX-2100 through XX-2199		
XX-2200 through XX-2299		
Rehabilitation Hospital XX-3025 through XX-3099	XX-SD00 through XX-SD99	Not Applicable
Children’s Hospital XX-3300 through XX-3399	XX-SE00 through XX-SC99	XX-TE00 through XX-TE99
Psychiatric Hospital XX-4000 through XX-4499	Not Applicable	XX-TF00 through XX-TF99
XX-4000 through XX-4099		XX-TG00 through XX-TG99
XX-4100 through XX-4199		XX-TH00 through XX-TH99
XX-4200 through XX-4299		XX-TJ00 through XX-TJ99
XX-4300 through XX-4399		XX-TK00 through XX-TK99
XX-4400 through XX-4499		

NOTE: An IPPS-excluded hospital may not have an IPPS-excluded unit of the same type (psychiatric or rehabilitation) as the hospital (for example, an Inpatient Rehabilitation Facility (IRF) may not have an IRF unit).

EXAMPLE: 21-2026 - XYZ Hospital (IPPS-excluded Long Term Care Hospital)

- 21-SA26 - XYZ Long Term Care Hospital’s IPPS-excluded Psychiatric Unit

- *21-TA26 – XYZ Long Term Care Hospital’s IPPS-excluded Rehabilitation Unit*

3100 - Hospitals and Hospital Units Excluded From *the Inpatient Prospective Payment System (IPPS) - Introduction* *(Rev.)*

The IPPS determines Medicare payment for operating costs and capital-related costs of inpatient hospital services provided in short-term acute care hospitals. Certain hospitals and special hospital units may be excluded from this system and paid at a different Medicare reimbursement rate. These IPPS-excluded hospitals and units have their own specific reimbursement criteria. Title 42 CFR 412.20 through 412.29 describes the criteria under which these hospitals and units are excluded from IPPS.

3102 - General Information on IPPS Exclusion Deemed Providers and Suppliers *(Rev.)*

The following *providers* and units are excluded from the Inpatient Prospective Payment System (IPPS):

- Psychiatric hospitals;
- Rehabilitation hospitals;
- Children’s hospitals;
- Long-term care hospitals;
- Psychiatric and rehabilitation units of hospitals;
- Cancer hospitals; *and*
- *CAHs.*

Certain kinds of Medicare-participating hospitals are paid under special provisions and are never subject to the IPPS. These hospitals need not be evaluated for compliance with the IPPS exclusion criteria:

- Hospitals paid under State cost control systems approved by CMS;
- Hospitals paid under demonstration projects approved by CMS;

As of the cost reporting period beginning on or after October 1, 2019, an IPPS-excluded hospital is no longer precluded from having an IPPS-excluded psychiatric and/or rehabilitation unit. For the purposes of payment, services furnished by a unit are considered to be inpatient hospital services provided by the unit and not inpatient hospital services provided by the hospital operating the unit.

Although an IPPS-excluded hospital may have an IPPS-excluded unit, the excluded hospital may not have an IPPS-excluded unit of the same type (psychiatric or rehabilitation) as the hospital (for example, an Inpatient Rehabilitation Facility (IRF) may not have an IRF unit).

Note that a co-located, separately certified hospital or a separately certified hospital-within a hospital (*HwH*) is not a component of the hospital with which it shares a campus. For example, if a separately certified Medicare-participating short-term acute care IPPS hospital is located in the same building as a psychiatric hospital, it is not considered part of the psychiatric hospital and is not excluded from the IPPS based on the exclusion of the psychiatric hospital.

It is important to note that payment rules, such as the HwH (42 CFR 412.22(e)) or satellite facility (412.22(h)) rules, never waive or supersede the requirement that all hospitals must comply with the hospital conditions of participation (CoPs). All hospitals, regardless of payment status, must always demonstrate separate and independent compliance with the hospital CoPs, even when an entire hospital or a part of a hospital is located in a building also used by another hospital, or in one or more entire buildings located on the same campus as buildings used by another hospital.

An IPPS-excluded hospital operating an IPPS-excluded unit must continue to be in compliance with other Medicare regulations and CoPs applicable to the hospital and unit. An IPPS-excluded unit within a hospital is part of the hospital. Noncompliance with any of the hospital CoPs at 42 CFR 482.1 through 482.58 in any part of the certified hospital is noncompliance for the entire Medicare-certified hospital. Therefore, noncompliance with the hospital CoPs in an IPPS-excluded unit is noncompliance for the entire certified hospital (see 83 FR at 41514).

3104D - Long-Term *Care* Hospitals

(Rev.)

A hospital is an *IPPS*-excluded long-term *care* hospital (*LTCH*) if it has in effect a provider agreement to participate as a hospital and the average inpatient length of stay is greater than 25 days. The average length of stay, for this purpose, is determined by dividing the total number of inpatient days for *Medicare* patients *not paid at the site neutral rate or under a Medicare Advantage plan* (excluding leave of absence or pass days) by the total number of *Medicare* discharges for the cost period *not paid at the site neutral rate or under a Medicare Advantage plan*. The servicing *MAC* verifies whether rehabilitation hospitals meet this length of stay criterion as *LTCHs*, and are, therefore, eligible for a *LTCH* exclusion and do **not** have to meet the special criteria otherwise established for these categories of facilities. The servicing *MAC* verifies length of stay for all *LTCHs*.

If an LTCH also has an IPPS-excluded psychiatric and/or rehabilitation unit, the days and discharges from those excluded units are not included in the calculation of an LTCH's average length of stay (83 FR 41515). Patients in IPPS-excluded units in an LTCH are not paid under the LTCH PPS.

Long-term *care* hospitals that occupy space in a building also used by another hospital, or in one or more buildings located on the same campus as buildings used by another hospital (i.e., the host facility), must meet additional “hospital-within-a-hospital” *or satellite* criteria.

Note: Section 15008(a) of the 21st Century Cures Act (Pub. L. 114-255) removed the LTCH category under section 1886(d)(1)(B)(iv)(II) of the Social Security Act (implemented in the regulations at 42 CFR 412.23(e)(2)(ii)) and created a new category of IPPS-excluded hospital at section 1886(d)(1)(B)(vi) of the Act (implemented in the regulations at 42 CFR 412.22(i)), which is referred to as extended neoplastic disease care hospitals, effective January 1, 2015. Although this category of hospitals have LTCH CCNs, they are not required to meet other LTCH specific requirements.

3104E - Hospital within Hospitals **(Rev.)**

A *IPPS*-excluded hospital that occupies space in a building also used by another hospital *which is not excluded from the IPPS*, or in one or more entire buildings located on the same campus as buildings used by another hospital *which is not excluded from the IPPS*, must meet the criteria at [42 CFR 412.22\(e\)](#) *in order to maintain its IPPS-excluded status* as follows:

- The hospital has a governing body that is separate from the governing body occupying space in the same building or campus, and the governing body is not controlled by the host facility or any third entity that controls both hospitals;

NOTE: For purposes of this section, “control” exists if an individual or an organization has the power, directly or indirectly, **significantly** to influence or direct the actions or policies of an organization or institution.

- The hospital has a chief medical officer who reports directly to the governing body and who is responsible for all medical staff activities of the hospital, and is not employed or under contract with the host facility or any third party that controls both hospitals;
- The hospital has a separate medical staff from the medical staff of the host facility, reports directly to the hospital’s governing body, and adopts and enforces bylaws governing medical care provided in the hospital and medical staff activities, including the granting of privileges to individual practitioners;
- The hospital has a single chief executive officer through whom all administrative authority flows and who exercises control and surveillance over all administrative activities at the

hospital, and who is not employed by or under contract to the host facility or any third party who controls both hospitals; and

If a State hospital that is occupying space in the same building or on the same campus as another State hospital cannot meet the separate governing body criterion solely because its governing body is under the control of the State hospital with which it shares a building or a campus, or is under the control of a third entity that also controls the State hospital with which it shares a building or a campus, the State hospital can nevertheless qualify for an exclusion if it meets the other applicable criteria in §412.22(e) and the following:

- Both State hospitals occupy space in the same building or on the same campus and have been continuously owned and operated by the State since October 1, 1995;*
- Is required by State law to be subject to the governing authority of the State hospital with which it shares space or the governing authority of a third entity that controls both hospitals; and*
- Was excluded from the IPPS before October 1, 1995, and continues to be excluded from the inpatient prospective payment system through September 30, 2008.*

If a hospital was excluded from the IPPS on or before September 30, 1995, and at that time occupied space in a building also used by another hospital, or in one or more buildings located on the same campus as buildings used by another hospital, it is not required to meet §412.22(e)(1)(i)-(iv) in order to maintain its IPPS-excluded status so long as it operates under the same terms and conditions in effect on September 30, 2003. For cost reporting periods beginning on or after October 1, 2006, a hospital may decrease its number of beds and remain excused from the separateness and control requirements as long as it does not increase its beds above the number it had on September 30, 2003. Effective January 1, 2020 a grandfathered Children's HwH may increase beds without losing its grandfathered status.

The SA notifies the CMS RO as soon as it becomes aware of any **LTCH** planning to operate as a **HwH** and notifies the facility immediately that it must demonstrate compliance with the special **HwH** criteria. The SA will review documentation for hospitals that intend to operate as **HwH** in order to make an initial recommendation to the ROs regarding a hospital's compliance or noncompliance with the above criteria (See [§3104.D](#)). Final determinations will be made on a case-by-case basis by the RO using whatever procedure it deems appropriate. In some instances, it may be necessary to authorize a SA onsite inspection of the hospital by the State agency to collect additional information. The hospital must submit a completed Form CMS-855 to notify the **MAC** of its intent to be a **HwH**.