



February 19, 2021

Elizabeth Richter
Acting Administrator
Centers for Medicare and Medicaid Services
Hubert H. Humphrey Building
200 Independence Avenue, S.W., Room 445-G
Washington, DC 20201

Re: Request for Reconsideration of Impact of 2021 CBSA Delineations on New Jersey Hospitals and Other Providers

Dear Acting Administrator Richter:

On behalf of the 71 hospitals and health system members of the New Jersey Hospital Association (NJHA), we respectfully request that the Centers for Medicare and Medicaid Services (CMS) extend its one-year Core Based Statistical Area (CBSA) transition policy – through fiscal year and calendar year (FY/CY) 2024 – for hospitals and other PPS providers negatively impacted by CMS' adoption of the revised Office of Management and Budget (OMB) delineations affecting hospital wage index calculations in FY/CY 2021. This extension could be adopted by CMS in the upcoming Medicare FY/CY 2022 prospective payment system (PPS) rulemakings¹ to ensure that the deleterious effects on New Jersey providers are, at least in part, mitigated by the continuation of the 5 percent cap on wage index reductions resulting from the new delineations.

Our request for CMS to reconsider mitigation beyond 2021 is justified not only by CMS's long-standing policy of reducing the payment volatility associated with the wage index, but also by the vastly different financial landscape New Jersey providers face today caused by direct and indirect impacts of the COVID-19 pandemic. The current climate is a significant deviation from the landscape providers faced at the time CMS first presented the one-year mitigation provision in the 2021 PPS Proposed Rules². Today, there are unprecedented financial pressures on providers due to the ongoing COVID-19 pandemic, which will take years to overcome and absorb. Thus, we are asking CMS to revisit the appropriate phase-in for the destabilizing financial impact resulting from the wage index change – the first of its kind made outside of a decennial census.

¹ The revised OMB CBSA delineations were finalized in the FY 2021 Medicare Inpatient Hospital Prospective Payment System (IPPS)/Long-term Care Hospital PPS (85 FR 58432), Inpatient Rehabilitation Facility (IRF PPS) (85 FR 48424), Hospice Payment Rate Update (85 FR 47070), Skilled Nursing Facility (SNF PPS) (85 FR 47594), and Inpatient Psychiatric Facility (IPF PPS) (85 FR 47042) final rules. Additionally, CMS codified the revised delineations in pertinent CY rulemaking including the CY 2021 Outpatient Hospital PPS (OPPS)/Ambulatory Surgical Center (ASC) (85 FR 85866) and Home Health Agency (HHA) (85 FR 70298) final rules.

² *Ibid.*

Fifteen acute care hospitals and many other PPS health care facilities are directly affected by the newly-created New Brunswick-Lakewood, NJ CBSA, resulting in upward of \$220 million in anticipated losses in FY 2022 alone.

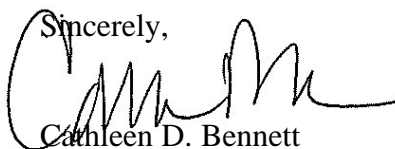
In 2015, CMS adopted new OMB CBSA delineations that brought these 15 hospitals into the NY-Jersey City-White Plains CBSA, along with numerous other PPS providers. In 2021, outside of the normal decennial realignment, CMS proposed to create the New Brunswick-Lakewood, NJ CBSA, that would include these hospitals. CMS acknowledged the magnitude of this unconventional proposal, which was “not based on new census data,” by including a transition proposal to mitigate the detrimental financial effect of the new CBSA, and further noted that “some of these revisions are material, and may negatively impact payments to hospitals.”³

CMS proposed and then finalized a one-year mitigation policy for 2021, but declined to provide, in response to comments made at the time, a more gradual transition that would address the financial instability caused by the change in later years. As NJHA pointed out in our comments to the FY 2021 IPPS Proposed Rule, the change results in a significant reduction in payment to at least 15 hospitals and other New Jersey PPS facilities. The 2021 one-year transition “guardrails” marginally mitigate the financial impact but, without additional mitigation, the impacted health care facilities will confront a “cliff” in 2022 and experience significant financial hardships going forward. This impact is especially compounded on New Jersey providers who have been, and continue to be, at the epicenter of the pandemic.

Accordingly, we respectfully ask CMS to reconsider the CBSA mitigation provisions it established in the FY/CY 2021 PPS final rules – and provide an opportunity for comment on the extension of the mitigation provisions beyond FY/CY 2021 in the FY/CY 2022 proposed rules. For your consideration, we have attached our recommendations in response to the FY 2021 IPPS Proposed Rule.

Thank you for considering our request. We would be pleased to provide additional information or respond to any questions. Please contact Neil Eicher at NEicher@njha.com or 609-275-4088 with any questions.

Sincerely,



Cathleen D. Bennett
President & CEO

Attachment

cc: Jeff Wu, Acting Principal Deputy Administrator for Operations

³ 85 Fed. Reg. 58432 (September 18, 2020)