

# Issue Brief

FEDERAL ISSUE BRIEF



Analysis provided for MHA by Larry Goldberg, Goldberg Consulting

**July 28, 2023**

## **CMS Finalizes Inpatient Rehabilitation Facility FY 2024 PPS Update**

The Centers for Medicare & Medicaid Services (CMS) have released a final rule to update the Inpatient Rehabilitation Facility Prospective Payment System (IRF PPS) for FY 2024.

A copy of the 279-page document is available at: <https://public-inspection.federalregister.gov/2023-16050.pdf>. The rule is scheduled for publication in the *Federal Register* on August 2.

Policy changes and updates include the following:

- Updating the prospective payment rates for IRFs for FY 2024 (that is, for discharges occurring on or after October 1, 2023, and on or before September 30, 2024).
- Updating the Classification and weighting factors for the IRF PPS's case-mix groups (CMGs).
- A description of the methodologies and data used in computing the prospective payment rates.
- Rebasing and revising the IRF market basket to reflect a 2021 base year.
- Confirms when an IRF unit can be excluded and paid under the IRF PPS.

CMS is also updating the IRF QRP and request information as follows:

- Modifying the COVID-19 Vaccination Coverage among Healthcare Personnel measure beginning with the FY 2025 QRP and adopting the Discharge Function Score measure.
- Removing the Application of Percent of Long-Term Care Hospital Patients with an Admission and Discharge Functional Assessment and a Care Plan that Addresses Function measure beginning with the FY 2025 QRP
- Removing the Functional Outcome Measure: Change in Self-Care Score for Medical Rehabilitation Patients (NQF #2633) measure beginning with the FY 2025 QRP
- Remove the IRF Functional Outcome Measure: Change in Mobility Score for Medical Rehabilitation Patients (NQF #2634) measure beginning with the FY 2025 QRP
- Adopting the COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date measure beginning with the FY 2026 QRP
- Requesting information on principles for selecting and prioritizing IRF quality measures and concepts
- Providing an update on CMS' continued efforts to close the health equity gap The IRF prospective payment system (IRF PPS) Addenda along with other supporting documents and tables referenced in this final rule are available through the Internet on the CMS website at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/InpatientRehabFacPPS>.

### **Comment**

As typical, CMS has not provided any form of a table of contents. We are adding page numbers, in red, based on the display copy of rule. As usual, there is much unneeded history material.

CMS provides the following cost analysis of the rule. (Page 4)

Provision Description	Transfers/Costs
FY 2024 IRF PPS payment rate update	The overall economic impact of this final rule is an estimated \$355 million in increased payments from the Federal Government to IRFs during FY 2024.
FY 2025 through FY 2026 IRF QRP changes	The overall economic impact of this final rule is an estimated increase in cost to IRFs of \$31,412.56 beginning with the FY 2025 IRF QRP.

The overall impact, that is, payments to IRFs will increase from a proposed \$335 million to a final \$355 million.

## **FY 2024 IRF PPS PAYMENT UPDATE**

### ***FY 2024 Market Basket Update and Productivity Adjustment*** (Page 68)

Based on IGI’s second quarter 2023 forecast with historical data through the first quarter of 2023, the 2021-based IRF market basket increase percentage for FY 2024 is **3.6%**. The proposed amount was 3.2%.

Using IGI’s second quarter 2023 forecast, the 10-year moving average growth of the total factor productivity (TFP) for FY 2024 is projected to be **0.2%**, unchanged from the proposed amount.

#### **Comment**

In responding to provider comments CMS says “there is currently no mechanism to adjust for market basket forecast errors in the IRF payment update, the forecast error for a market basket update is calculated as the actual market basket increase for a given year less the forecasted market basket increase.” (Page 75) CMS’ response is irrational. The IRF payment system was implemented in FY 2002. Its been more than 20 years and to not have a mechanism to adjust for errors is unreasonable.

### ***Labor-Share*** (Page 85)

The total labor-related share for FY 2024 based on more recent data and is **74.1%** (the sum of 70.3% for the operating costs and 3.8% for the labor-related share of Capital-Related costs). The current amount is 72.9%.

The rule’s Table 13 shows the FY 2024 labor-related share using the 2021-based IRF market basket relative importance and the FY 2023 labor-related share using the 2016-based IRF market basket relative importance. (Page 86)

### ***Rebasing and Revising of the IRF PPS Market Basket*** (Page 27)

CMS is rebasing and revising the 2016-based IRF market basket cost weights to a 2021 base year reflecting the 2021 Medicare cost report data submitted by both freestanding and hospital-based IRFs.

#### **Comment**

CMS spends 41 pages describing the changes and various values. Bottom line is to the labor share.

### **Update to the Case-Mix Group (CMG) Relative Weights and Average Length of Stay (ALOS) Values for FY 2024** (Page 17)

The table below contains the “Relative Weights and Average Length of Stay Values for Case-Mix Groups.”

## Relative Weights and Average Length of Stay Values for Case-Mix Groups

CMG	CMG Description (M=motor, A=age)	Relative Weight				Average Length of Stay			
		Tier 1	Tier 2	Tier 3	No Comorbidity Tier	Tier1	Tier 2	Tier3	No Comorbidity Tier
0101	Stroke M >=72.50	0.9840	0.8414	0.7763	0.7348	9	10	9	9
0102	Stroke M >=63.50 and M <72.50	1.2601	1.0774	0.9941	0.9409	12	11	11	11
0103	Stroke M >=50.50 and M <63.50	1.6264	1.3907	1.2830	1.2144	14	14	14	13
0104	Stroke M >=41.50 and M <50.50	2.0857	1.7834	1.6454	1.5574	17	18	17	17
0105	Stroke M <41.50 and A >=84.50	2.5400	2.1718	2.0038	1.8966	24	21	20	20
0106	Stroke M <41.50 and A <84.50	2.9022	2.4816	2.2895	2.1671	25	25	23	22
0201	Traumatic brain injury M >=73.50	1.0814	0.8600	0.7832	0.7312	10	11	9	8
0202	Traumatic brain injury M >=61.50 and M <73.50	1.3878	1.1036	1.0051	0.9383	12	12	11	11
0203	Traumatic brain injury M >=49.50 and M <61.50	1.7187	1.3668	1.2447	1.1621	15	15	13	13
0204	Traumatic brain injury M >=35.50 and M <49.50	2.1379	1.7001	1.5483	1.4455	18	18	16	16
0205	Traumatic brain injury M <35.50	2.7326	2.1730	1.9790	1.8476	30	23	19	18
0301	Non-traumatic brain injury M >=65.50	1.2082	0.9506	0.8859	0.8275	10	10	10	9
0302	Non-traumatic brain injury M >=52.50 and M <65.50	1.5486	1.2184	1.1355	1.0606	13	13	12	12
0303	Non-traumatic brain injury M >=42.50 and M <52.50	1.8539	1.4586	1.3593	1.2697	15	15	14	13
0304	Non-traumatic brain injury M <42.50 and A >=78.50	2.1918	1.7245	1.6071	1.5011	19	17	16	15
0305	Non-traumatic brain injury M <42.50 and A <78.50	2.3908	1.8810	1.7530	1.6374	20	19	17	17
0401	Traumatic spinal cord injury M >=56.50	1.3571	1.0692	1.0384	0.9679	13	11	11	12
0402	Traumatic spinal cord injury M >=47.50 and M <56.50	1.7196	1.3548	1.3159	1.2265	16	15	14	13
0403	Traumatic spinal cord injury M >=41.50 and M <47.50	2.0713	1.6319	1.5849	1.4772	19	17	16	16
0404	Traumatic spinal cord injury M <31.50 and A <61.50	3.2583	2.5671	2.4932	2.3239	22	25	27	20
0405	Traumatic spinal cord injury M >=31.50 and M <41.50	2.6613	2.0967	2.0364	1.8980	21	22	22	20
0406	Traumatic spinal cord injury M >=24.50 and M <31.50 and A >=61.50	3.3419	2.6329	2.5572	2.3835	24	28	27	24
0407	Traumatic spinal cord injury M <24.50 and A >=61.50	4.4849	3.5334	3.4318	3.1986	44	36	33	35
0501	Non-traumatic spinal cord injury M >=60.50	1.2596	0.9985	0.9390	0.8577	12	11	10	10
0502	Non-traumatic spinal cord injury M >=53.50 and M <60.50	1.5508	1.2294	1.1561	1.0560	14	13	12	12

CMG	CMG Description (M=motor, A=age)	Relative Weight				Average Length of Stay			
		Tier 1	Tier 2	Tier 3	No Comorbidity Tier	Tier1	Tier 2	Tier3	No Comorbidity Tier
0503	Non-traumatic spinal cord injury M >=48.50 and M <53.50	1.7794	1.4107	1.3266	1.2117	16	14	14	13
0504	Non-traumatic spinal cord injury M >=39.50 and M <48.50	2.1413	1.6975	1.5963	1.4581	19	16	17	16
0505	Non-traumatic spinal cord injury M <39.50	3.0130	2.3886	2.2462	2.0517	28	25	23	21
0601	Neurological M >=64.50	1.3401	1.0161	0.9510	0.8567	11	10	10	9
0602	Neurological M >=52.50 and M <64.50	1.6602	1.2588	1.1781	1.0613	13	13	12	11
0603	Neurological M >=43.50 and M <52.50	1.9713	1.4946	1.3989	1.2601	15	14	14	13
0604	Neurological M <43.50	2.4621	1.8667	1.7472	1.5739	20	18	17	16
0701	Fracture of lower extremity M >=61.50	1.2031	0.9557	0.9124	0.8349	12	11	10	10
0702	Fracture of lower extremity M >=52.50 and M <61.50	1.4908	1.1842	1.1306	1.0345	13	13	12	12
0703	Fracture of lower extremity M >=41.50 and M <52.50	1.8376	1.4598	1.3937	1.2753	16	15	15	14
0704	Fracture of lower extremity M <41.50	2.2805	1.8116	1.7296	1.5826	18	18	18	16
0801	Replacement of lower-extremity joint M >=63.50	1.1836	0.9450	0.8786	0.8082	10	9	9	9
0802	Replacement of lower-extremity joint M >=57.50 and M <63.50	1.3462	1.0748	0.9992	0.9192	10	11	10	10
0803	Replacement of lower-extremity joint M >=51.50 and M <57.50	1.4961	1.1945	1.1105	1.0216	13	13	11	11
0804	Replacement of lower-extremity joint M >=42.50 and M <51.50	1.6858	1.3459	1.2513	1.1511	15	14	13	12
0805	Replacement of lower-extremity joint M <42.50	2.1040	1.6798	1.5617	1.4367	17	17	16	15
0901	Other orthopedic M >=63.50	1.2309	0.9485	0.8910	0.8136	11	10	10	9
0902	Other orthopedic M >=51.50 and M <63.50	1.5655	1.2064	1.1332	1.0348	14	12	12	11
0903	Other orthopedic M >=44.50 and M <51.50	1.8159	1.3994	1.3145	1.2004	15	14	14	13
0904	Other orthopedic M <44.5	2.1953	1.6917	1.5892	1.4512	19	17	16	15
1001	Amputation lower extremity M >=64.50	1.1998	0.9933	0.9080	0.8286	10	10	10	10
1002	Amputation lower extremity M >=55.50 and M <64.50	1.5279	1.2650	1.1564	1.0552	14	14	12	12
1003	Amputation lower extremity M >=47.50 and M <55.50	1.8004	1.4905	1.3626	1.2433	15	16	14	13
1004	Amputation lower extremity M <47.50	2.3361	1.9340	1.7680	1.6133	19	19	18	17
1101	Amputation non-lower extremity M >=58.50	1.2738	1.2738	1.0263	0.9729	12	14	11	10

CMG	CMG Description (M=motor, A=age)	Relative Weight				Average Length of Stay			
		Tier 1	Tier 2	Tier 3	No Comorbidity Tier	Tier1	Tier 2	Tier3	No Comorbidity Tier
1102	Amputation non-lower extremity M >=52.50 and M <58.50	1.4606	1.4606	1.1769	1.1156	13	16	12	11
1103	Amputation non-lower extremity M <52.50	2.0037	2.0037	1.6145	1.5304	17	18	16	13
1201	Osteoarthritis M >=61.50	1.3299	1.0296	0.9247	0.8605	12	11	10	10
1202	Osteoarthritis M >=49.50 and M <61.50	1.6836	1.3034	1.1707	1.0894	14	14	12	11
1203	Osteoarthritis M <49.50 and A >=74.50	2.1218	1.6426	1.4753	1.3729	17	17	17	14
1204	Osteoarthritis M <49.50 and A <74.50	2.2013	1.7042	1.5306	1.4244	18	18	16	15
1301	Rheumatoid other arthritis M >=62.50	1.3766	1.1049	0.9921	0.9182	10	11	10	10
1302	Rheumatoid other arthritis M >=51.50and M <62.50	1.6431	1.3189	1.1842	1.0960	12	13	12	11
1303	Rheumatoid other arthritis M >=44.50and M <51.50 and A >=64.50	1.8570	1.4906	1.3383	1.2387	13	12	15	12
1304	Rheumatoid other arthritis M <44.50and A >=64.50	2.1954	1.7621	1.5822	1.4644	15	17	16	16
1305	Rheumatoid other arthritis M <51.50and A <64.50	2.2065	1.7711	1.5902	1.4718	15	16	17	14
1401	Cardiac M >=68.50	1.1256	0.9099	0.8407	0.7768	10	10	9	9
1402	Cardiac M >=55.50 and M <68.50	1.4063	1.1368	1.0504	0.9705	12	12	11	11
1403	Cardiac M >=45.50 and M <55.50	1.7014	1.3753	1.2708	1.1742	15	14	13	12
1404	Cardiac M <45.50	2.1231	1.7162	1.5858	1.4651	18	17	16	15
1501	Pulmonary M >=68.50	1.2909	1.0412	1.0044	0.9516	13	10	10	10
1502	Pulmonary M >=56.50 and M <68.50	1.5272	1.2318	1.1883	1.1258	12	12	12	11
1503	Pulmonary M >=45.50 and M <56.50	1.8121	1.4616	1.4100	1.3358	15	14	13	13
1504	Pulmonary M <45.50	2.2346	1.8024	1.7386	1.6472	22	17	16	16
1601	Pain syndrome M >=65.50	1.1354	0.8523	0.8417	0.7736	10	10	9	10
1602	Pain syndrome M >=58.50 and M <65.50	1.4932	1.1209	1.1069	1.0174	9	11	12	11
1603	Pain syndrome M >=43.50 and M <58.50	1.7332	1.3011	1.2849	1.1810	10	13	13	13
1604	Pain syndrome M <43.50	2.1412	1.6074	1.5873	1.4590	11	15	17	15
1701	Major multiple trauma without brain orspinal cord injury M >=57.50	1.3697	1.0394	0.9843	0.8977	12	11	10	10
1702	Major multiple trauma without brain orspinal cord injury M >=50.50 and M <57.50	1.6534	1.2547	1.1881	1.0836	15	14	13	12
1703	Major multiple trauma without brain orspinal cord injury M >=41.50 and M <50.50	1.9589	1.4866	1.4077	1.2839	16	16	15	14

CMG	CMG Description (M=motor, A=age)	Relative Weight				Average Length of Stay			
		Tier 1	Tier 2	Tier 3	No Comorbidity Tier	Tier1	Tier 2	Tier3	No Comorbidity Tier
1704	Major multiple trauma without brain orspinal cord injury M >=36.50 and M <41.50	2.2563	1.7122	1.6214	1.4788	20	18	16	16
1705	Major multiple trauma without brain orspinal cord injury M <36.50	2.5847	1.9614	1.8574	1.6941	20	20	19	18
1801	Major multiple trauma with brain orspinal cord injury M >=67.50	1.0999	0.9202	0.8490	0.7684	11	11	10	9
1802	Major multiple trauma with brain orspinal cord injury M >=55.50 and M <67.50	1.3990	1.1704	1.0799	0.9774	14	13	12	11
1803	Major multiple trauma with brain orspinal cord injury M >=45.50 and M <55.50	1.7472	1.4617	1.3487	1.2207	13	16	14	14
1804	Major multiple trauma with brain orspinal cord injury M >=40.50 and M <45.50	2.0441	1.7101	1.5779	1.4282	19	18	16	16
1805	Major multiple trauma with brain orspinal cord injury M >=30.50 and M <40.50	2.4427	2.0435	1.8855	1.7066	22	23	19	18
1806	Major multiple trauma with brain orspinal cord injury M <30.50	3.5910	3.0042	2.7719	2.5089	38	32	29	24
1901	Guillain-Barré M >=66.50	1.2641	0.9028	0.8741	0.8392	12	12	11	10
1902	Guillain-Barré M >=51.50 and M <66.50	1.7885	1.2772	1.2367	1.1874	20	14	13	14
1903	Guillain-Barré M >=38.50 and M <51.50	2.5024	1.7871	1.7303	1.6613	25	19	19	18
1904	Guillain-Barré M <38.50	4.2456	3.0319	2.9356	2.8187	40	34	29	26
2001	Miscellaneous M >=66.50	1.1905	0.9557	0.8911	0.8082	11	10	10	9
2002	Miscellaneous M >=55.50 and M <66.50	1.4767	1.1855	1.1054	1.0025	13	12	12	11
2003	Miscellaneous M >=46.50 and M <55.50	1.7534	1.4075	1.3124	1.1903	15	14	13	13
2004	Miscellaneous M <46.50 and A >=77.50	2.0884	1.6765	1.5632	1.4177	18	17	16	15
2005	Miscellaneous M <46.50 and A <77.50	2.2394	1.7978	1.6763	1.5203	19	18	16	16
2101	Burns M >=52.50	1.5172	1.2785	1.1385	1.0176	17	15	12	11
2102	Burns M <52.50	2.4552	2.0690	1.8425	1.6468	24	21	18	18
5001	Short-stay cases, length of stay is 3days or fewer	0.0000	0.0000	0.0000	0.1730	0	0	0	3
5101	Expired, orthopedic, length of stay is 13days or fewer	0.0000	0.0000	0.0000	0.7794	0	0	0	8

CMG	CMG Description (M=motor, A=age)	Relative Weight				Average Length of Stay			
		Tier 1	Tier 2	Tier 3	No Comorbidity Tier	Tier1	Tier 2	Tier3	No Comorbidity Tier
5102	Expired, orthopedic, length of stay is 14days or more	0.0000	0.0000	0.0000	1.8794	0	0	0	18
5103	Expired, not orthopedic, length of stay is 15 days or fewer	0.0000	0.0000	0.0000	0.8818	0	0	0	8
5104	Expired, not orthopedic, length of stay is 16 days or more	0.0000	0.0000	0.0000	2.3549	0	0	0	25

**Wage Adjustment for FY 2024 (Page 93)**

The IRF prospective payment system (IRF PPS) Addenda along with other supporting documents, including the wage index tables are available at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/InpatientRehabFacPPS>.

**IRF Standard Payment Conversion Factor and Payment Rates for FY 2024 (Page 93)**

**Calculations to Determine the FY 2024 Standard Payment Conversion Factor**

Explanation for Adjustment	Calculations
Standard Payment Conversion Factor for FY 2023	\$17,878
Market Basket Increase Factor for FY 2024 (3.6%), reduced by 0.2 percentage point for the productivity adjustment as required by section 1886(j)(3)(C)(ii)(I) of the Act	x1.034
Budget Neutrality Factor for the Updates to the Wage Index and Labor-Related Share	x1.0028
Budget Neutrality Factor for the Revisions to the CMG Relative Weights	x1.0002
<b>FY 2024 Standard Payment Conversion Factor</b>	<b>=\$18,541</b>

**FY 2024 Payment Rates (Page 95)**

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
0101	\$ 18,244.34	\$ 15,600.40	\$ 14,393.38	\$ 13,623.93
0102	\$ 23,363.51	\$ 19,976.07	\$ 18,431.61	\$ 17,445.23
0103	\$ 30,155.08	\$ 25,784.97	\$ 23,788.10	\$ 22,516.19
0104	\$ 38,670.96	\$ 33,066.02	\$ 30,507.36	\$ 28,875.75
0105	\$ 47,094.14	\$ 40,267.34	\$ 37,152.46	\$ 35,164.86
0106	\$ 53,809.69	\$ 46,011.35	\$ 42,449.62	\$ 40,180.20
0201	\$ 20,050.24	\$ 15,945.26	\$ 14,521.31	\$ 13,557.18
0202	\$ 25,731.20	\$ 20,461.85	\$ 18,635.56	\$ 17,397.02
0203	\$ 31,866.42	\$ 25,341.84	\$ 23,077.98	\$ 21,546.50
0204	\$ 39,638.80	\$ 31,521.55	\$ 28,707.03	\$ 26,801.02
0205	\$ 50,665.14	\$ 40,289.59	\$ 36,692.64	\$ 34,256.35
0301	\$ 22,401.24	\$ 17,625.07	\$ 16,425.47	\$ 15,342.68
0302	\$ 28,712.59	\$ 22,590.35	\$ 21,053.31	\$ 19,664.58
0303	\$ 34,373.16	\$ 27,043.90	\$ 25,202.78	\$ 23,541.51
0304	\$ 40,638.16	\$ 31,973.95	\$ 29,797.24	\$ 27,831.90
0305	\$ 44,327.82	\$ 34,875.62	\$ 32,502.37	\$ 30,359.03
0401	\$ 25,161.99	\$ 19,824.04	\$ 19,252.97	\$ 17,945.83

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
0402	\$ 31,883.10	\$ 25,119.35	\$ 24,398.10	\$ 22,740.54
0403	\$ 38,403.97	\$ 30,257.06	\$ 29,385.63	\$ 27,388.77
0404	\$ 60,412.14	\$ 47,596.60	\$ 46,226.42	\$ 43,087.43
0405	\$ 49,343.16	\$ 38,874.91	\$ 37,756.89	\$ 35,190.82
0406	\$ 61,962.17	\$ 48,816.60	\$ 47,413.05	\$ 44,192.47
0407	\$ 83,154.53	\$ 65,512.77	\$ 63,629.00	\$ 59,305.24
0501	\$ 23,354.24	\$ 18,513.19	\$ 17,410.00	\$ 15,902.62
0502	\$ 28,753.38	\$ 22,794.31	\$ 21,435.25	\$ 19,579.30
0503	\$ 32,991.86	\$ 26,155.79	\$ 24,596.49	\$ 22,466.13
0504	\$ 39,701.84	\$ 31,473.35	\$ 29,597.00	\$ 27,034.63
0505	\$ 55,864.03	\$ 44,287.03	\$ 41,646.79	\$ 38,040.57
0601	\$ 24,846.79	\$ 18,839.51	\$ 17,632.49	\$ 15,884.07
0602	\$ 30,781.77	\$ 23,339.41	\$ 21,843.15	\$ 19,677.56
0603	\$ 36,549.87	\$ 27,711.38	\$ 25,937.00	\$ 23,363.51
0604	\$ 45,649.80	\$ 34,610.48	\$ 32,394.84	\$ 29,181.68
0701	\$ 22,306.68	\$ 17,719.63	\$ 16,916.81	\$ 15,479.88
0702	\$ 27,640.92	\$ 21,956.25	\$ 20,962.45	\$ 19,180.66
0703	\$ 34,070.94	\$ 27,066.15	\$ 25,840.59	\$ 23,645.34
0704	\$ 42,282.75	\$ 33,588.88	\$ 32,068.51	\$ 29,342.99
0801	\$ 21,945.13	\$ 17,521.25	\$ 16,290.12	\$ 14,984.84
0802	\$ 24,959.89	\$ 19,927.87	\$ 18,526.17	\$ 17,042.89
0803	\$ 27,739.19	\$ 22,147.22	\$ 20,589.78	\$ 18,941.49
0804	\$ 31,256.42	\$ 24,954.33	\$ 23,200.35	\$ 21,342.55
0805	\$ 39,010.26	\$ 31,145.17	\$ 28,955.48	\$ 26,637.85
0901	\$ 22,822.12	\$ 17,586.14	\$ 16,520.03	\$ 15,084.96
0902	\$ 29,025.94	\$ 22,367.86	\$ 21,010.66	\$ 19,186.23
0903	\$ 33,668.60	\$ 25,946.28	\$ 24,372.14	\$ 22,256.62
0904	\$ 40,703.06	\$ 31,365.81	\$ 29,465.36	\$ 26,906.70
1001	\$ 22,245.49	\$ 18,416.78	\$ 16,835.23	\$ 15,363.07
1002	\$ 28,328.79	\$ 23,454.37	\$ 21,440.81	\$ 19,564.46
1003	\$ 33,381.22	\$ 27,635.36	\$ 25,263.97	\$ 23,052.03
1004	\$ 43,313.63	\$ 35,858.29	\$ 32,780.49	\$ 29,912.20
1101	\$ 23,617.53	\$ 23,617.53	\$ 19,028.63	\$ 18,038.54
1102	\$ 27,080.98	\$ 27,080.98	\$ 21,820.90	\$ 20,684.34
1103	\$ 37,150.60	\$ 37,150.60	\$ 29,934.44	\$ 28,375.15
1201	\$ 24,657.68	\$ 19,089.81	\$ 17,144.86	\$ 15,954.53
1202	\$ 31,215.63	\$ 24,166.34	\$ 21,705.95	\$ 20,198.57
1203	\$ 39,340.29	\$ 30,455.45	\$ 27,353.54	\$ 25,454.94
1204	\$ 40,814.30	\$ 31,597.57	\$ 28,378.85	\$ 26,409.80
1301	\$ 25,523.54	\$ 20,485.95	\$ 18,394.53	\$ 17,024.35
1302	\$ 30,464.72	\$ 24,453.72	\$ 21,956.25	\$ 20,320.94
1303	\$ 34,430.64	\$ 27,637.21	\$ 24,813.42	\$ 22,966.74
1304	\$ 40,704.91	\$ 32,671.10	\$ 29,335.57	\$ 27,151.44
1305	\$ 40,910.72	\$ 32,837.97	\$ 29,483.90	\$ 27,288.64
1401	\$ 20,869.75	\$ 16,870.46	\$ 15,587.42	\$ 14,402.65
1402	\$ 26,074.21	\$ 21,077.41	\$ 19,475.47	\$ 17,994.04
1403	\$ 31,545.66	\$ 25,499.44	\$ 23,561.90	\$ 21,770.84



CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
1404	\$ 39,364.40	\$ 31,820.06	\$ 29,402.32	\$ 27,164.42
1501	\$ 23,934.58	\$ 19,304.89	\$ 18,622.58	\$ 17,643.62
1502	\$ 28,315.82	\$ 22,838.80	\$ 22,032.27	\$ 20,873.46
1503	\$ 33,598.15	\$ 27,099.53	\$ 26,142.81	\$ 24,767.07
1504	\$ 41,431.72	\$ 33,418.30	\$ 32,235.38	\$ 30,540.74
1601	\$ 21,051.45	\$ 15,802.49	\$ 15,605.96	\$ 14,343.32
1602	\$ 27,685.42	\$ 20,782.61	\$ 20,523.03	\$ 18,863.61
1603	\$ 32,135.26	\$ 24,123.70	\$ 23,823.33	\$ 21,896.92
1604	\$ 39,699.99	\$ 29,802.80	\$ 29,430.13	\$ 27,051.32
1701	\$ 25,395.61	\$ 19,271.52	\$ 18,249.91	\$ 16,644.26
1702	\$ 30,655.69	\$ 23,263.39	\$ 22,028.56	\$ 20,091.03
1703	\$ 36,319.96	\$ 27,563.05	\$ 26,100.17	\$ 23,804.79
1704	\$ 41,834.06	\$ 31,745.90	\$ 30,062.38	\$ 27,418.43
1705	\$ 47,922.92	\$ 36,366.32	\$ 34,438.05	\$ 31,410.31
1801	\$ 20,393.25	\$ 17,061.43	\$ 15,741.31	\$ 14,246.90
1802	\$ 25,938.86	\$ 21,700.39	\$ 20,022.43	\$ 18,121.97
1803	\$ 32,394.84	\$ 27,101.38	\$ 25,006.25	\$ 22,633.00
1804	\$ 37,899.66	\$ 31,706.96	\$ 29,255.84	\$ 26,480.26
1805	\$ 45,290.10	\$ 37,888.53	\$ 34,959.06	\$ 31,642.07
1806	\$ 66,580.73	\$ 55,700.87	\$ 51,393.80	\$ 46,517.51
1901	\$ 23,437.68	\$ 16,738.81	\$ 16,206.69	\$ 15,559.61
1902	\$ 33,160.58	\$ 23,680.57	\$ 22,929.65	\$ 22,015.58
1903	\$ 46,397.00	\$ 33,134.62	\$ 32,081.49	\$ 30,802.16
1904	\$ 78,717.67	\$ 56,214.46	\$ 54,428.96	\$ 52,261.52
2001	\$ 22,073.06	\$ 17,719.63	\$ 16,521.89	\$ 14,984.84
2002	\$ 27,379.49	\$ 21,980.36	\$ 20,495.22	\$ 18,587.35
2003	\$ 32,509.79	\$ 26,096.46	\$ 24,333.21	\$ 22,069.35
2004	\$ 38,721.02	\$ 31,083.99	\$ 28,983.29	\$ 26,285.58
2005	\$ 41,520.72	\$ 33,333.01	\$ 31,080.28	\$ 28,187.88
2101	\$ 28,130.41	\$ 23,704.67	\$ 21,108.93	\$ 18,867.32
2102	\$ 45,521.86	\$ 38,361.33	\$ 34,161.79	\$ 30,533.32
5001	\$ -	\$ -	\$ -	\$ 3,207.59
5101	\$ -	\$ -	\$ -	\$ 14,450.86
5102	\$ -	\$ -	\$ -	\$ 34,845.96
5103	\$ -	\$ -	\$ -	\$ 16,349.45
5104	\$ -	\$ -	\$ -	\$ 43,662.20

**UPDATE TO PAYMENTS FOR HIGH-COST OUTLIERS UNDER THE IRF PPS FOR FY 2024**

(Page 100)

“Based on our analysis using this updated data, we estimate that IRF outlier payments as a percentage of total estimated payments are approximately 2.5% in FY 2023. Therefore, we will update the outlier threshold amount from \$12,526 for FY 2023 to **\$10,423** for FY 2024 to account for the increases in IRF PPS payments and estimated costs and to maintain estimated outlier payments at approximately 3% of total estimated aggregate IRF payments for FY 2024.”

**MODIFICATION TO THE REGULATION FOR EXCLUDED INPATIENT REHABILITATION FACILITY UNITS PAID UNDER THE IRF PPS (Page 104)**

CMS proposes to allow hospitals to open a new IRF unit and begin being paid under the IRF PPS at any time during the cost reporting period, provided the hospital notifies the CMS Regional Office and the Medicare Administrative Contractor in writing at least 30 days before the date of the change and maintains the information needed to accurately determine the costs attributable to the IRF unit. Such a change would also remain in effect for the rest of the cost reporting period. CMS believes this will alleviate unnecessary burden and administrative complexity placed upon hospitals and increase access to care.

CMS is “finalizing the consolidated provision that pertains to both IRF and IPF units. The amendments to § 412.25(c) for this consolidated provision will be finalized in the IPF final rule published elsewhere in this issue of the **Federal Register**.”

**INPATIENT REHABILITATION FACILITY (IRF) QUALITY REPORTING PROGRAM (QRP)**  
 (Page 113)

The IRF QRP currently has 18 measures for the FY 2024 program year, which are set out in the table below.

**Quality Measures Currently Adopted for the FY 2024 IRF QRP**

Short Name	Measure Name & Data Source
<b>IRF-PAI Assessment-Based Measures</b>	
Pressure Ulcer/Injury	Changes in Skin Integrity Post-Acute Care: Pressure Ulcer/Injury
Application of Falls	Application of Percent of Residents Experiencing One or More Falls with Major Injury (Long Stay)
Application of Functional Assessment	Application of Percent of Long-Term Care Hospital (LTCH) Patients with an Admission and Discharge Functional Assessment and a Care Plan That Addresses Function
Change in Mobility	IRF Functional Outcome Measure: Change in Mobility Score for Medical Rehabilitation Patients
Discharge Mobility Score	IRF Functional Outcome Measure: Discharge Mobility Score for Medical Rehabilitation Patients
Change in Self-Care	IRF Functional Outcome Measure: Change in Self-Care Score for Medical Rehabilitation Patients
Discharge Self-Care Score	IRF Functional Outcome Measure: Discharge Self-Care Score for Medical Rehabilitation Patients
DRR	Drug Regimen Review Conducted With Follow-Up for Identified Issues–Post Acute Care (PAC) Inpatient Rehabilitation Facility (IRF) Quality Reporting Program (QRP)
TOH-Provider	Transfer of Health Information to the Provider–Post-Acute Care (PAC)
TOH-Patient	Transfer of Health Information to the Patient Post-Acute Care (PAC)
<b>NHSN</b>	
CAUTI	National Healthcare Safety Network (NHSN) Catheter-Associated Urinary Tract Infection Outcome Measure
CDI	National Healthcare Safety Network (NHSN Facility-wide Inpatient Hospital-onset <i>Clostridium difficile</i> Infection (CDI) Outcome Measure
HCP Influenza Vaccine	Influenza Vaccination Coverage among Healthcare Personnel
HCP COVID-19 Vaccine	COVID-19 Vaccination Coverage among Healthcare Personnel (HCP)
<b>Claims-Based</b>	

Short Name	Measure Name & Data Source
MSPB IRF	Medicare Spending Per Beneficiary (MSPB)–Post Acute Care (PAC) IRF QRP
DTC	Discharge to Community–PAC IRF QRP
PPR 30 day	Potentially Preventable 30-Day Post-Discharge Readmission Measure for IRF QRP
PPR Within Stay	Potentially Preventable Within Stay Readmission Measure for IRFs

### ***IRF QRP Quality Measures***

CMS is:

- Adopting the Discharge Function Score (DC Function) measure beginning with the FY 2025 QRP.** This measure assesses functional status by assessing the percentage of IRF patients who meet or exceed an expected discharge function score and uses mobility and self-care items already collected on the IRF Patient Assessment Instrument (IRF-PAI). The adoption of this measure replaces the Application of Percent of Long-Term Care Hospital Patients with an Admission and Discharge Functional Assessment and a Care Plan (Application of Functional Assessment/Care Plan) measure, as discussed below. CMS has also finalized a policy to publicly report data associated with this measure.
- Adopting the COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date (Patient/Resident COVID-19 Vaccine) measure beginning with the FY 2026 IRF QRP.** The measure reports the percentage of stays in which patients in an IRF are up to date with recommended COVID-19 vaccinations in accordance with the Centers for Disease Control and Prevention’s (CDC’s) most recent guidance. Data will be collected using a new standardized item on the IRF-PAI. CMS has also finalized a policy to publicly report data associated with this measure.
- Modifying the COVID-19 Vaccination Coverage among Healthcare Personnel (HCP COVID-19 Vaccine) measure beginning with the FY 2025 IRF QRP.** This measure tracks the percentage of healthcare personnel (HCP) in IRFs who are considered up to date with recommended COVID-19 vaccination in accordance with the CDC’s most recent guidance. The prior version of this measure reported only on whether HCP had received the primary vaccination series for COVID-19, while the final modification of this measure requires IRFs to report the cumulative number of HCP who are up-to-date with recommended COVID-19 vaccinations in accordance with the CDC’s most recent guidance.
- Removing three measures from the IRF QRP beginning with the FY 2025 IRF QRP.** The measures CMS is removing include: (1) the Application of Functional Assessment/Care Plan measure; (2) the IRF Functional Outcome Measure: Change in Self-Care Score for Medical Rehabilitation Patients (Change in Self-Care Score) measure; and (3) the IRF Functional Outcome Measure: Change in Mobility Score for Medical Rehabilitation Patients (Change in Mobility Score) measure. CMS is removing the Application of Functional Assessment/Care Plan measure because it meets conditions for measure removal factors one (that is, measure performance among IRFs is so high and unvarying that meaningful distinctions in improvements in performance can no longer be made) and six (that is, the final DC Function measure is more strongly associated with desired patient functional outcomes). CMS is removing the Change in Self-Care Score and Change in Mobility Score measures because they meet the conditions for measure removal factor eight (that is, the costs associated with a measure outweigh the benefits of its use in the IRF QRP). Additionally, the Change in Self-Care Score and Change in Mobility Score measures are similar to or duplicative of other measures within the IRF QRP.

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- **Beginning the public reporting of the Transfer of Health (TOH) Information to the Provider—Post-Acute Care (PAC) Measure and the TOH Information to the Patient—PAC Measure beginning with the September 2024 Care Compare refresh or as soon as possible.** These measures report the percentage of patient stays with a discharge assessment indicating that a current reconciled medication list was provided to the subsequent provider or to patients or their families or caregivers at discharge or transfer. In response to the COVID-19 Public Health Emergency, CMS initially delayed the compliance date for the collection and reporting of these two measures in the IRF QRP and data collection began on these measures with patients discharged on or after October 1, 2022.

An IRF that does not meet the requirements of the IRF QRP for a fiscal year will receive a 2-percentage point reduction to its otherwise applicable annual increase factor for that fiscal year.

### **Final Comment**

As usual, the quality reporting provisions are extensive involving nearly 140 pages, approximately 50% of the rule itself. The Quality material needs to be more extensively reviewed by those involved in the quality arena.

IRF payments per discharge are estimated to increase by 4.0% in urban areas and 3.6% in rural areas, compared with estimated FY 2023 payments. Payments per discharge to rehabilitation units are estimated to increase 4.5% in urban areas and 3.9% in rural areas. Payments per discharge to freestanding rehabilitation hospitals are estimated to increase 3.7% in urban areas and 2.8% in rural areas.

CMS notes, further, that the overall payment increase for FY 2024 is comprised of \$305 million due to the market basket increase and \$50 million for the underpayment of outliers in FY 2023.

If the overall market basket increase is 3.2%, how is CMS citing increases up to 4.0%?