

# Issue Brief

FEDERAL ISSUE BRIEF



Analysis provided for MHA by Larry Goldberg, Goldberg Consulting

March 28, 2024

## CMS Proposes Inpatient Rehabilitation Facility FY 2025 PPS Update

The Centers for Medicare & Medicaid Services (CMS) have released its proposed rule to update the Inpatient Rehabilitation Facility Prospective Payment System (IRF PPS) for FY 2025.

A copy of the 102-page document is available at: <https://public-inspection.federalregister.gov/2024-06550.pdf>. The rule is scheduled for publication in the **Federal Register** on March 29.

A 60-day comment period is provided.

Policy changes and updates include the following:

- Update the IRF PPS payment rates for FY 2025 by the market basket increase factor, based upon the most current data available, with a productivity adjustment required by section 1886(j)(3)(C)(ii)(I) of the Act.
- Update the CMG relative weights and average length of stay values for FY 2025, in a budget neutral manner.
- Update the FY 2025 IRF PPS payment rates by the FY 2025 wage index, describe the proposed adoption of the revised OMB market area delineations, the phase-out of the rural adjustment for those IRFs changing from rural to urban, and the labor-related share in a budget neutral manner.
- Describe the calculation of the IRF standard payment conversion factor for FY 2025.
- Update the outlier threshold amount for FY 2025.
- Update the cost-to-charge ratio (CCR) ceiling and urban/rural average CCRs for FY 2025.
- Propose to adopt four items as standardized patient assessment data elements and modify one item collected as a standardized patient assessment data element in the IRF-PAI.
- Remove the Admission Class item from the IRF-PAI.
- Request information on IRF QRP quality measure and concepts.
- Request information on an IRF QRP star rating system.

### Comment

Once again, 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.

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

| Provision Description               | Transfers/Costs  |
|-------------------------------------|--|
| FY 2025 IRF PPS payment rate update | The overall economic impact of this final rule is an estimated \$255 million in increased payments from the Federal Government to IRFs during FY 2025. |
| FY 2028 IRF QRP changes             | The overall economic impact of this final rule is an estimated increase in costs to IRFs of \$392,113.40 beginning with the FY 2028 IRF QRP.           |



**Proposed FY 2025 IRF PPS PAYMENT UPDATE (Page 22)**

**Proposed FY 2025 Market Basket Update and Productivity Adjustments (Page 23)**

Based on IGI’s fourth quarter 2023 forecast with historical data through the third quarter of 2023, the proposed 2021-based IRF market basket increase factor for FY 2025 is projected to be 3.2 percent.

Using IGI’s fourth quarter 2023 forecast, the 10-year moving average growth of the total factor productivity (TFP) for FY 2025 is projected to be 0.4 percent.

Thus the proposed FY 2025 IRF update is equal to 2.8 percent (3.2 percent market basket percentage increase reduced by the 0.4 percentage point productivity adjustment).

**Proposed Labor-Share (Page 25)**

The total proposed labor-related share for FY 2025 is **74.2 percent**.

**FY 2025 Proposed IRF Labor-Related Share and FY 2024 IRF Labor-Related Share**

|  | <b>FY 2025 Proposed Labor-Related Share <sup>1</sup></b> | <b>FY 2024 Final Labor Related Share <sup>2</sup></b> |
|--|--|---|
| Wages and Salaries                             | 49.3   | 49.0  |
| Employee Benefits                              | 11.7   | 11.8  |
| Professional Fees: Labor-Related <sup>3</sup>  | 5.5  | 5.5   |
| Administrative and Facilities Support Services | 0.7  | 0.7   |
| Installation, Maintenance, and Repair Services | 1.5  | 1.5   |
| All Other: Labor-Related Services              | 1.8  | 1.8   |
| <b>Subtotal</b>                                | <b>70.5</b>  | <b>70.3</b>   |
| Labor-related portion of Capital-Related (46%) | 3.7  | 3.8   |
| <b>Total Labor-Related Share</b>               | <b>74.2</b>  | <b>74.1</b>   |

1 Based on the 2021-based IRF market basket relative importance, IGI 4th quarter 2023 forecast.

2 Based on the 2021-based IRF market basket relative importance as published in the Federal Register (88 FR 50987).

3 Includes all contract advertising and marketing costs and a portion of accounting, architectural, engineering, legal, management consulting, and home office contract labor costs.

**Proposed Wage Adjustment for FY 2025 (Page 27)**

For FY 2025, CMS proposes to adopt revised OMB delineations identified in OMB Bulletin No. 23-01.

**a. Urban Counties Becoming Rural (Page 32)**

CMS’ analysis shows that a total of 54 counties (and county equivalents) that are currently considered part of an urban CBSA would be considered located in a rural area, for IRF PPS payment beginning in FY 2025, if CMS adopts the new OMB delineations. The table below lists the 54 urban counties that would be rural.

**Counties That Would Transition from Urban to Rural Status**

| Federal Information Processing Standard (FIPS)<br>County Code | County Name | State | Current CBSA | Current CBSA Name                    |
|---|-------------|-------|--------------|--------------------------------------|
| 01129   | WASHINGTON  | AL    | 33660        | Mobile, AL                           |
| 05025   | CLEVELAND   | AR    | 38220        | Pine Bluff, AR                       |
| 05047   | FRANKLIN    | AR    | 22900        | Fort Smith, AR-OK                    |
| 05069   | JEFFERSON   | AR    | 38220        | Pine Bluff, AR                       |
| 05079   | LINCOLN     | AR    | 38220        | Pine Bluff, AR                       |
| 09015   | WINDHAM     | CT    | 49340        | Worcester, MA-CT                     |
| 10005   | SUSSEX      | DE    | 41540        | Salisbury, MD-DE                     |
| 13171   | LAMAR       | GA    | 12060        | Atlanta-Sandy Springs-Alpharetta, GA |
| 16077   | POWER       | ID    | 38540        | Pocatello, ID                        |
| 17057   | FULTON      | IL    | 37900        | Peoria, IL                           |
| 17077   | JACKSON     | IL    | 16060        | Carbondale-Marion, IL                |
| 17087   | JOHNSON     | IL    | 16060        | Carbondale-Marion, IL                |
| 17183   | VERMILION   | IL    | 19180        | Danville, IL                         |
| 17199   | WILLIAMSON  | IL    | 16060        | Carbondale-Marion, IL                |
| 18121   | PARKE       | IN    | 45460        | Terre Haute, IN                      |
| 18133   | PUTNAM      | IN    | 26900        | Indianapolis-Carmel-Anderson, IN     |
| 18161   | UNION       | IN    | 17140        | Cincinnati, OH-KY-IN                 |
| 21091   | HANCOCK     | KY    | 36980        | Owensboro, KY                        |

| Federal Information Processing Standard (FIPS)<br>County Code | County Name | State | Current CBSA | Current CBSA Name                            |
|---|-------------|-------|--------------|--|
| 21101   | HENDERSON   | KY    | 21780        | Evansville, IN-KY                            |
| 22045   | IBERIA      | LA    | 29180        | Lafayette, LA                                |
| 24001   | ALLEGANY    | MD    | 19060        | Cumberland, MD-WV                            |
| 24047   | WORCESTER   | MD    | 41540        | Salisbury, MD-DE                             |
| 25011   | FRANKLIN    | MA    | 44140        | Springfield, MA                              |
| 26155   | SHIAWASSEE  | MI    | 29620        | Lansing-East Lansing, MI                     |
| 27075   | LAKE        | MN    | 20260        | Duluth, MN-WI                                |
| 28031   | COVINGTON   | MS    | 25620        | Hattiesburg, MS                              |
| 31051   | DIXON       | NE    | 43580        | Sioux City, IA-NE-SD                         |
| 36123   | YATES       | NY    | 40380        | Rochester, NY                                |
| 37049   | CRAVEN      | NC    | 35100        | New Bern, NC                                 |
| 37077   | GRANVILLE   | NC    | 20500        | Durham-Chapel Hill, NC                       |
| 37085   | HARNETT     | NC    | 22180        | Fayetteville, NC                             |
| 37087   | HAYWOOD     | NC    | 11700        | Asheville, NC                                |
| 37103   | JONES       | NC    | 35100        | New Bern, NC                                 |
| 37137   | PAMLICO     | NC    | 35100        | New Bern, NC                                 |
| 42037   | COLUMBIA    | PA    | 14100        | Bloomsburg-Berwick, PA                       |
| 42085   | MERCER      | PA    | 49660        | Youngstown-Warren-Boardman, OH-PA            |
| 42089   | MONROE      | PA    | 20700        | East Stroudsburg, PA                         |
| 42093   | MONTOUR     | PA    | 14100        | Bloomsburg-Berwick, PA                       |
| 42103   | PIKE        | PA    | 35084        | Newark, NJ-PA                                |
| 45027   | CLARENDON   | SC    | 44940        | Sumter, SC                                   |
| 48431   | STERLING    | TX    | 41660        | San Angelo, TX                               |
| 49003   | BOX ELDER   | UT    | 36260        | Ogden-Clearfield, UT                         |
| 51113   | MADISON     | VA    | 47894        | Washington-Arlington-Alexandria, DC-VA-MD-WV |

Questions? Contact Andrew Wheeler, MHA's Vice President of Federal Finance, at 573-893-3700 | ext. 1336 or [awheeler@mhanet.com](mailto:awheeler@mhanet.com).

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| Federal Information Processing Standard (FIPS) County Code | County Name   | State | Current CBSA | Current CBSA Name                          |
|--|---------------|-------|--------------|--|
| 51175  | SOUTHAMPTON   | VA    | 47260        | Virginia Beach-Norfolk-Newport News, VA-NC |
| 51620  | FRANKLIN CITY | VA    | 47260        | Virginia Beach-Norfolk-Newport News, VA-NC |
| 54035  | JACKSON       | WV    | 16620        | Charleston, WV                             |
| 54043  | LINCOLN       | WV    | 16620        | Charleston, WV                             |
| 54057  | MINERAL       | WV    | 19060        | Cumberland, MD-WV                          |
| 55069  | LINCOLN       | WI    | 48140        | Wausau-Weston, WI                          |
| 72001  | ADJUNTAS      | PR    | 38660        | Ponce, PR                                  |
| 72055  | GUANICA       | PR    | 49500        | Yauco, PR                                  |
| 72081  | LARES         | PR    | 10380        | Aguadilla-Isabela, PR                      |
| 72083  | LAS MARIAS    | PR    | 32420        | Mayagüez, PR                               |
| 72141  | UTUADO        | PR    | 10380        | Aguadilla-Isabela, PR                      |

**b. Rural Counties Becoming Urban (Page 34)**

CMS’ analysis of the new OMB delineations shows that a total of 54 counties (and county equivalents) that are currently located in rural areas would be in urban areas if CMS should finalize this proposal. They are as follows.

**Counties That Would Transition from Rural to Urban Status**

| FIPS County Code | County     | State | Proposed CBSA | Proposed CBSA Name                |
|------------------|------------|-------|---------------|-----------------------------------|
| 01087            | MACON      | AL    | 12220         | Auburn-Opelika, AL                |
| 01127            | WALKER     | AL    | 13820         | Birmingham, AL                    |
| 12133            | WASHINGTON | FL    | 37460         | Panama City-Panama City Beach, FL |
| 13187            | LUMPKIN    | GA    | 12054         | Atlanta-Sandy Springs-Roswell, GA |
| 15005            | KALAWAO    | HI    | 27980         | Kahului-Wailuku, HI               |
| 17053            | FORD       | IL    | 16580         | Champaign-Urbana, IL              |

| FIPS<br>County Code | County          | State | Proposed<br>CBSA | Proposed CBSA Name                 |
|---------------------|-----------------|-------|------------------|------------------------------------|
| 17127               | MASSAC          | IL    | 37140            | Paducah, KY-IL                     |
| 18159               | TIPTON          | IN    | 26900            | Indianapolis-Carmel-Greenwood, IN  |
| 18179               | WELLS           | IN    | 23060            | Fort Wayne, IN                     |
| 20021               | CHEROKEE        | KS    | 27900            | Joplin, MO-KS                      |
| 21007               | BALLARD         | KY    | 37140            | Paducah, KY-IL                     |
| 21039               | CARLISLE        | KY    | 37140            | Paducah, KY-IL                     |
| 21127               | LAWRENCE        | KY    | 26580            | Huntington-Ashland, WV-KY-OH       |
| 21139               | LIVINGSTON      | KY    | 37140            | Paducah, KY-IL                     |
| 21145               | MC CRACKEN      | KY    | 37140            | Paducah, KY-IL                     |
| 21179               | NELSON          | KY    | 31140            | Louisville/Jefferson County, KY-IN |
| 22053               | JEFFERSON DAVIS | LA    | 29340            | Lake Charles, LA                   |
| 22083               | RICHLAND        | LA    | 33740            | Monroe, LA                         |
| 26015               | BARRY           | MI    | 24340            | Grand Rapids-Wyoming-Kentwood, MI  |
| 26019               | BENZIE          | MI    | 45900            | Traverse City, MI                  |
| 26055               | GRAND TRAVERSE  | MI    | 45900            | Traverse City, MI                  |
| 26079               | KALKASKA        | MI    | 45900            | Traverse City, MI                  |
| 26089               | LEELANAU        | MI    | 45900            | Traverse City, MI                  |
| 27133               | ROCK            | MN    | 43620            | Sioux Falls, SD-MN                 |
| 28009               | BENTON          | MS    | 32820            | Memphis, TN-MS-AR                  |
| 28123               | SCOTT           | MS    | 27140            | Jackson, MS                        |
| 30007               | BROADWATER      | MT    | 25740            | Helena, MT                         |
| 30031               | GALLATIN        | MT    | 14580            | Bozeman, MT                        |
| 30043               | JEFFERSON       | MT    | 25740            | Helena, MT                         |
| 30049               | LEWIS AND CLARK | MT    | 25740            | Helena, MT                         |
| 30061               | MINERAL         | MT    | 33540            | Missoula, MT                       |
| 32019               | LYON            | NV    | 39900            | Reno, NV                           |

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| FIPS<br>County Code | County      | State | Proposed<br>CBSA | Proposed CBSA Name                              |
|---------------------|-------------|-------|------------------|---|
| 37125               | MOORE       | NC    | 38240            | Pinehurst-Southern Pines, NC                    |
| 38049               | MCHENRY     | ND    | 33500            | Minot, ND                                       |
| 38075               | RENVILLE    | ND    | 33500            | Minot, ND                                       |
| 38101               | WARD        | ND    | 33500            | Minot, ND                                       |
| 39007               | ASHTABULA   | OH    | 17410            | Cleveland, OH                                   |
| 39043               | ERIE        | OH    | 41780            | Sandusky, OH                                    |
| 41013               | CROOK       | OR    | 13460            | Bend, OR  |
| 41031               | JEFFERSON   | OR    | 13460            | Bend, OR  |
| 42073               | LAWRENCE    | PA    | 38300            | Pittsburgh, PA                                  |
| 45087               | UNION       | SC    | 43900            | Spartanburg, SC                                 |
| 46033               | CUSTER      | SD    | 39660            | Rapid City, SD                                  |
| 47081               | HICKMAN     | TN    | 34980            | Nashville-Davidson--Murfreeseboro--Franklin, TN |
| 48007               | ARANSAS     | TX    | 18580            | Corpus Christi, TX                              |
| 48035               | BOSQUE      | TX    | 47380            | Waco, TX  |
| 48079               | COCHRAN     | TX    | 31180            | Lubbock, TX                                     |
| 48169               | GARZA       | TX    | 31180            | Lubbock, TX                                     |
| 48219               | HOCKLEY     | TX    | 31180            | Lubbock, TX                                     |
| 48323               | MAVERICK    | TX    | 20580            | Eagle Pass, TX                                  |
| 48407               | SAN JACINTO | TX    | 26420            | Houston-Pasadena-The Woodlands, TX              |
| 51063               | FLOYD       | VA    | 13980            | Blacksburg-Christiansburg-Radford, VA           |
| 51181               | SURRY       | VA    | 47260            | Virginia Beach-Chesapeake-Norfolk, VA-NC        |
| 55123               | VERNON      | WI    | 29100            | La Crosse-Onalaska, WI-MN                       |

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**c. Urban Counties Moving to a Different Urban CBSA (Page 36)**

CMS says that several urban counties would shift from one urban CBSA to another urban CBSA under this proposal. In other cases, if CMS adopts the new OMB delineations, counties would shift between existing and new CBSAs, changing the constituent makeup of the CBSAs.

The table below lists the urban counties that would move from one urban CBSA to another urban CBSA under the new OMB delineations.

**Counties That Would Change to a Different CBSA**

| FIPS<br>County<br>Code | County Name  | State | Current<br>CBSA | Proposed<br>CBSA |
|------------------------|--------------|-------|-----------------|------------------|
| 06039                  | MADERA       | CA    | 31460           | 23420            |
| 11001                  | THE DISTRICT | DC    | 47894           | 47764            |
| 12053                  | HERNANDO     | FL    | 45300           | 45294            |
| 12057                  | HILLSBOROUGH | FL    | 45300           | 45294            |
| 12101                  | PASCO        | FL    | 45300           | 45294            |
| 12103                  | PINELLAS     | FL    | 45300           | 41304            |
| 12119                  | SUMTER       | FL    | 45540           | 48680            |
| 13013                  | BARROW       | GA    | 12060           | 12054            |
| 13015                  | BARTOW       | GA    | 12060           | 31924            |
| 13035                  | BUTTS        | GA    | 12060           | 12054            |
| 13045                  | CARROLL      | GA    | 12060           | 12054            |
| 13057                  | CHEROKEE     | GA    | 12060           | 31924            |
| 13063                  | CLAYTON      | GA    | 12060           | 12054            |
| 13067                  | COBB         | GA    | 12060           | 31924            |
| 13077                  | COWETA       | GA    | 12060           | 12054            |
| 13085                  | DAWSON       | GA    | 12060           | 12054            |
| 13089                  | DE KALB      | GA    | 12060           | 12054            |
| 13097                  | DOUGLAS      | GA    | 12060           | 12054            |



| FIPS<br>County<br>Code | County Name | State | Current<br>CBSA | Proposed<br>CBSA |
|------------------------|-------------|-------|-----------------|------------------|
| 13113                  | FAYETTE     | GA    | 12060           | 12054            |
| 13117                  | FORSYTH     | GA    | 12060           | 12054            |
| 13121                  | FULTON      | GA    | 12060           | 12054            |
| 13135                  | GWINNETT    | GA    | 12060           | 12054            |
| 13143                  | HARALSON    | GA    | 12060           | 31924            |
| 13149                  | HEARD       | GA    | 12060           | 12054            |
| 13151                  | HENRY       | GA    | 12060           | 12054            |
| 13159                  | JASPER      | GA    | 12060           | 12054            |
| 13199                  | MERIWETHER  | GA    | 12060           | 12054            |
| 13211                  | MORGAN      | GA    | 12060           | 12054            |
| 13217                  | NEWTON      | GA    | 12060           | 12054            |
| 13223                  | PAULDING    | GA    | 12060           | 31924            |
| 13227                  | PICKENS     | GA    | 12060           | 12054            |
| 13231                  | PIKE        | GA    | 12060           | 12054            |
| 13247                  | ROCKDALE    | GA    | 12060           | 12054            |
| 13255                  | SPALDING    | GA    | 12060           | 12054            |
| 13297                  | WALTON      | GA    | 12060           | 12054            |
| 18073                  | JASPER      | IN    | 23844           | 29414            |
| 18089                  | LAKE        | IN    | 23844           | 29414            |
| 18111                  | NEWTON      | IN    | 23844           | 29414            |
| 18127                  | PORTER      | IN    | 23844           | 29414            |
| 21163                  | MEADE       | KY    | 21060           | 31140            |
| 22103                  | ST. TAMMANY | LA    | 35380           | 43640            |
| 24009                  | CALVERT     | MD    | 47894           | 30500            |
| 24017                  | CHARLES     | MD    | 47894           | 47764            |

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| FIPS<br>County<br>Code | County Name    | State | Current<br>CBSA | Proposed<br>CBSA |
|------------------------|----------------|-------|-----------------|------------------|
| 24033                  | PRINCE GEORGES | MD    | 47894           | 47764            |
| 24037                  | ST. MARYS      | MD    | 15680           | 30500            |
| 25015                  | HAMPSHIRE      | MA    | 44140           | 11200            |
| 34009                  | CAPE MAY       | NJ    | 36140           | 12100            |
| 34023                  | MIDDLESEX      | NJ    | 35154           | 29484            |
| 34025                  | MONMOUTH       | NJ    | 35154           | 29484            |
| 34029                  | OCEAN          | NJ    | 35154           | 29484            |
| 34035                  | SOMERSET       | NJ    | 35154           | 29484            |
| 36027                  | DUTCHESS       | NY    | 39100           | 28880            |
| 36071                  | ORANGE         | NY    | 39100           | 28880            |
| 37019                  | BRUNSWICK      | NC    | 34820           | 48900            |
| 39035                  | CUYAHOGA       | OH    | 17460           | 17410            |
| 39055                  | GEAUGA         | OH    | 17460           | 17410            |
| 39085                  | LAKE           | OH    | 17460           | 17410            |
| 39093                  | LORAIN         | OH    | 17460           | 17410            |
| 39103                  | MEDINA         | OH    | 17460           | 17410            |
| 39123                  | OTTAWA         | OH    | 45780           | 41780            |
| 47057                  | GRAINGER       | TN    | 34100           | 28940            |
| 51013                  | ARLINGTON      | VA    | 47894           | 11694            |
| 51043                  | CLARKE         | VA    | 47894           | 11694            |
| 51047                  | CULPEPER       | VA    | 47894           | 11694            |
| 51059                  | FAIRFAX        | VA    | 47894           | 11694            |
| 51061                  | FAUQUIER       | VA    | 47894           | 11694            |
| 51107                  | LOUDOUN        | VA    | 47894           | 11694            |
| 51153                  | PRINCE WILLIAM | VA    | 47894           | 11694            |

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| FIPS County Code | County Name         | State | Current CBSA | Proposed CBSA |
|------------------|---------------------|-------|--------------|---------------|
| 51157            | RAPPAHANNOCK        | VA    | 47894        | 11694         |
| 51177            | SPOTSYLVANIA        | VA    | 47894        | 11694         |
| 51179            | STAFFORD            | VA    | 47894        | 11694         |
| 51187            | WARREN              | VA    | 47894        | 11694         |
| 51510            | ALEXANDRIA CITY     | VA    | 47894        | 11694         |
| 51600            | FAIRFAX CITY        | VA    | 47894        | 11694         |
| 51610            | FALLS CHURCH CITY   | VA    | 47894        | 11694         |
| 51630            | FREDERICKSBURG CITY | VA    | 47894        | 11694         |
| 51683            | MANASSAS CITY       | VA    | 47894        | 11694         |
| 51685            | MANASSAS PARK CITY  | VA    | 47894        | 11694         |
| 53061            | SNOHOMISH           | WA    | 42644        | 21794         |
| 54037            | JEFFERSON           | WV    | 47894        | 11694         |
| 55059            | KENOSHA             | WI    | 29404        | 28450         |
| 72023            | CABO ROJO           | PR    | 41900        | 32420         |
| 72059            | GUAYANILLA          | PR    | 49500        | 38660         |
| 72079            | LAJAS               | PR    | 41900        | 32420         |
| 72111            | PENUELAS            | PR    | 49500        | 38660         |
| 72121            | SABANA GRANDE       | PR    | 41900        | 32420         |
| 72125            | SAN GERMAN          | PR    | 41900        | 32420         |
| 72153            | YAUCO               | PR    | 49500        | 38660         |

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The table below sets forth a list of such CBSAs where there would be a change in CBSA name and/or number only if CMS adopts the revised OMB delineations.

**Urban CBSAs With Change to Name and/or Number**

| Current CBSA | Current CBSA Name                    | New CBSA | Proposed CBSA Name                    |
|--------------|--------------------------------------|----------|---------------------------------------|
| 10380        | Aguadilla-Isabela, PR                | 10380    | Aguadilla, PR                         |
| 10540        | Albany-Lebanon, OR                   | 10540    | Albany, OR                            |
| 12060        | Atlanta-Sandy Springs-Alpharetta, GA | 12054    | Atlanta-Sandy Springs-Roswell, GA     |
| 12060        | Atlanta-Sandy Springs-Alpharetta, GA | 31924    | Marietta, GA                          |
| 12420        | Austin-Round Rock-Georgetown, TX     | 12420    | Austin-Round Rock-San Marcos, TX      |
| 12540        | Bakersfield, CA                      | 12540    | Bakersfield-Delano, CA                |
| 13820        | Birmingham-Hoover, AL                | 13820    | Birmingham, AL                        |
| 13980        | Blacksburg-Christiansburg, VA        | 13980    | Blacksburg-Christiansburg-Radford, VA |
| 14860        | Bridgeport-Stamford-Norwalk, CT      | 14860    | Bridgeport-Stamford-Danbury, CT       |
| 15260        | Brunswick, GA                        | 15260    | Brunswick-St. Simons, GA              |
| 15680        | California-Lexington Park, MD        | 30500    | Lexington Park, MD                    |
| 16540        | Chambersburg-Waynesboro, PA          | 16540    | Chambersburg, PA                      |
| 16984        | Chicago-Naperville-Evanston, IL      | 16984    | Chicago-Naperville-Schaumburg, IL     |
| 17460        | Cleveland-Elyria, OH                 | 17410    | Cleveland, OH                         |
| 19430        | Dayton-Kettering, OH                 | 19430    | Dayton-Kettering-Beavercreek, OH      |
| 19740        | Denver-Aurora-Lakewood, CO           | 19740    | Denver-Aurora-Centennial, CO          |
| 21060        | Elizabethtown-Fort Knox, KY          | 21060    | Elizabethtown, KY                     |
| 21060        | Elizabethtown-Fort Knox, KY          | 31140    | Louisville/Jefferson County, KY-IN    |
| 21780        | Evansville, IN-KY                    | 21780    | Evansville, IN                        |
| 21820        | Fairbanks, AK                        | 21820    | Fairbanks-College, AK                 |
| 22660        | Fort Collins, CO                     | 22660    | Fort Collins-Loveland, CO             |
| 23224        | Frederick-Gaithersburg-Rockville, MD | 23224    | Frederick-Gaithersburg-Bethesda, MD   |

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| Current CBSA | Current CBSA Name                             | New CBSA | Proposed CBSA Name                          |
|--------------|---|----------|---|
| 23844        | Gary, IN                                      | 29414    | Lake County-Porter County-Jasper County, IN |
| 24340        | Grand Rapids-Kentwood, MI                     | 24340    | Grand Rapids-Wyoming-Kentwood, MI           |
| 24860        | Greenville-Anderson, SC                       | 24860    | Greenville-Anderson-Greer, SC               |
| 25540        | Hartford-East Hartford-Middletown, CT         | 25540    | Hartford-West Hartford-East Hartford, CT    |
| 25940        | Hilton Head Island-Bluffton, SC               | 25940    | Hilton Head Island-Bluffton-Port Royal, SC  |
| 26380        | Houma-Thibodaux, LA                           | 26380    | Houma-Bayou Cane-Thibodaux, LA              |
| 26420        | Houston-The Woodlands-Sugar Land, TX          | 26420    | Houston-Pasadena-The Woodlands, TX          |
| 26900        | Indianapolis-Carmel-Anderson, IN              | 26900    | Indianapolis-Carmel-Greenwood, IN           |
| 27900        | Joplin, MO                                    | 27900    | Joplin, MO-KS                               |
| 27980        | Kahului-Wailuku-Lahaina, HI                   | 27980    | Kahului-Wailuku, HI                         |
| 29404        | Lake County-Kenosha County, IL-WI             | 28450    | Kenosha, WI                                 |
| 29404        | Lake County-Kenosha County, IL-WI             | 29404    | Lake County, IL                             |
| 29820        | Las Vegas-Henderson-Paradise, NV              | 29820    | Las Vegas-Henderson-North Las Vegas, NV     |
| 31020        | Longview, WA                                  | 31020    | Longview-Kelso, WA                          |
| 31460        | Madera, CA                                    | 23420    | Fresno, CA                                  |
| 34100        | Morristown, TN                                | 28940    | Knoxville, TN                               |
| 34740        | Muskegon, MI                                  | 34740    | Muskegon-Norton Shores, MI                  |
| 34820        | Myrtle Beach-Conway-North Myrtle Beach, SC-NC | 34820    | Myrtle Beach-Conway-North Myrtle Beach, SC  |
| 34820        | Myrtle Beach-Conway-North Myrtle Beach, SC-NC | 48900    | Wilmington, NC                              |
| 35084        | Newark, NJ-PA                                 | 35084    | Newark, NJ                                  |
| 35154        | New Brunswick-Lakewood, NJ                    | 29484    | Lakewood-New Brunswick, NJ                  |
| 35300        | New Haven-Milford, CT                         | 35300    | New Haven, CT                               |
| 35380        | New Orleans-Metairie, LA                      | 43640    | Slidell-Mandeville-Covington, LA            |
| 35840        | North Port-Sarasota-Bradenton, FL             | 35840    | North Port-Bradenton-Sarasota, FL           |
| 35980        | Norwich-New London, CT                        | 35980    | Norwich-New London-Willimantic, CT          |
| 36084        | Oakland-Berkeley-Livermore, CA                | 36084    | Oakland-Fremont-Berkeley, CA                |

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| Current CBSA | Current CBSA Name                            | New CBSA | Proposed CBSA Name                          |
|--------------|--|----------|---|
| 36140        | Ocean City, NJ                               | 12100    | Atlantic City-Hammonton, NJ                 |
| 36260        | Ogden-Clearfield, UT                         | 36260    | Ogden, UT                                   |
| 36540        | Omaha-Council Bluffs, NE-IA                  | 36540    | Omaha, NE-IA                                |
| 37460        | Panama City, FL                              | 37460    | Panama City-Panama City Beach, FL           |
| 39100        | Poughkeepsie-Newburgh-Middletown, NY         | 28880    | Poughkeepsie-Newburgh, NY                   |
| 39340        | Provo-Orem, UT                               | 39340    | Provo-Orem-Lehi, UT                         |
| 39540        | Racine, WI                                   | 39540    | Racine-Mount Pleasant, WI                   |
| 41540        | Salisbury, MD-DE                             | 41540    | Salisbury, MD                               |
| 41620        | Salt Lake City, UT                           | 41620    | Salt Lake City-Murray, UT                   |
| 41900        | San Germán, PR                               | 32420    | Mayagüez, PR                                |
| 42644        | Seattle-Bellevue-Kent, WA                    | 21794    | Everett, WA                                 |
| 42680        | Sebastian-Vero Beach, FL                     | 42680    | Sebastian-Vero Beach-West Vero Corridor, FL |
| 42700        | Sebring-Avon Park, FL                        | 42700    | Sebring, FL                                 |
| 43620        | Sioux Falls, SD                              | 43620    | Sioux Falls, SD-MN                          |
| 44140        | Springfield, MA                              | 11200    | Amherst Town-Northampton, MA                |
| 44420        | Staunton, VA                                 | 44420    | Staunton-Stuarts Draft, VA                  |
| 44700        | Stockton, CA                                 | 44700    | Stockton-Lodi, CA                           |
| 45300        | Tampa-St. Petersburg-Clearwater, FL          | 41304    | St. Petersburg-Clearwater-Largo, FL         |
| 45300        | Tampa-St. Petersburg-Clearwater, FL          | 45294    | Tampa, FL                                   |
| 45540        | The Villages, FL                             | 48680    | Wildwood-The Villages, FL                   |
| 45780        | Toledo, OH                                   | 41780    | Sandusky, OH                                |
| 47220        | Vineland-Bridgeton, NJ                       | 47220    | Vineland, NJ                                |
| 47260        | Virginia Beach-Norfolk-Newport News, VA-NC   | 47260    | Virginia Beach-Chesapeake-Norfolk, VA-NC    |
| 47894        | Washington-Arlington-Alexandria, DC-VA-MD-WV | 11694    | Arlington-Alexandria-Reston, VA-WV          |
| 47894        | Washington-Arlington-Alexandria, DC-VA-MD-WV | 30500    | Lexington Park, MD                          |
| 47894        | Washington-Arlington-Alexandria, DC-VA-MD-WV | 47764    | Washington, DC-MD                           |

| Current CBSA | Current CBSA Name                            | New CBSA | Proposed CBSA Name                          |
|--------------|--|----------|---|
| 48140        | Wausau-Weston, WI                            | 48140    | Wausau, WI                                  |
| 48300        | Wenatchee, WA                                | 48300    | Wenatchee-East Wenatchee, WA                |
| 48424        | West Palm Beach-Boca Raton-Boynton Beach, FL | 48424    | West Palm Beach-Boca Raton-Delray Beach, FL |
| 49340        | Worcester, MA-CT                             | 49340    | Worcester, MA                               |
| 49500        | Yauco, PR                                    | 38660    | Ponce, PR                                   |
| 49660        | Youngstown-Warren-Boardman, OH- PA           | 49660    | Youngstown-Warren, OH                       |

**d. Change to County-Equivalents in the State of Connecticut (Page 41)**

The June 6, 2022 Census Bureau Notice, OMB Bulletin No. 23-01, replaced the 8 counties in Connecticut with 9 new "Planning Regions." Planning regions now serve as county-equivalents within the CBSA system. CMS is proposing to adopt the planning regions as county equivalents for wage index purposes. They are as follows;

**Connecticut Counties to Planning Regions**

| FIPS | Current County | Current CBSA | Proposed FIPS | Proposed Planning Region Area (County Equivalent) | Proposed CBSA |
|------|----------------|--------------|---------------|---|---------------|
| 9003 | Hartford       | 25540        | 9110          | Capitol   | 25540         |
| 9015 | Windham        | 49340        | 9150          | Northeastern Connecticut                          | 7             |
| 9005 | Litchfield     | 7            | 9160          | Northwest Hills                                   | 7             |
| 9001 | Fairfield      | 14860        | 9190          | Western Connecticut                               | 14860         |
| 9011 | New London     | 35980        | 9180          | Southeastern Connecticut                          | 35980         |
| 9013 | Tolland        | 25540        | 9110          | Capitol   | 25540         |
| 9009 | New Haven      | 35300        | 9170          | South Central Connecticut                         | 35300         |
| 9007 | Middlesex      | 25540        | 9130          | Lower Connecticut River Valley                    | 25540         |

### **Transition Policy for FY 2025 Wage Index Changes (Page 41)**

CMS says that some providers (10 percent) would have a higher wage index due to the proposed implementation of the new labor market area delineations. However, CMS says that more providers (16 percent) would experience decreases in wage index values.

Based upon the CBSA delineations, those rural IRFs that change from rural to urban would lose their 14.9 percent rural adjustment add-on.

CMS is proposing a budget neutral three-year phase-out of the rural adjustment for existing FY 2024 rural IRFs that will become urban in FY 2025 and that experience a loss in payments due to changes from the new CBSA delineations. Accordingly, the incremental steps needed to reduce the impact of the loss of the FY 2024 rural adjustment of 14.9 percent will be phased out over FYs 2025, 2026 and 2027.

CMS is not implementing a transition policy for urban facilities that become rural in FY 2025 because these IRFs will receive the full rural adjustment of 14.9 percent beginning October 1, 2024.

### **Comment**

While this is the first of 5 FY 2025 PPS Updates, we assume that the wage index proposals cited above will be presented in the 4 remaining updates – Inpatient PPS, Skilled Nursing, Psychiatric and Hospice.

The proposed wage index applicable to FY 2025 is set forth in Table A available on the CMS website at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/InpatientRehabFacPPS/IRF-Rules-and-Related-Files.html>.

### **Proposed IRF Standard Payment Conversion Factor and Payment Rates for FY 2025 (Page 45)**

#### **Calculations to Determine the Proposed FY 2025 Standard Payment Conversion Factor**

| <b>Explanation for Adjustment</b>   | <b>Calculations</b> |
|---|---------------------|
| FY 2024 Standard Payment Conversion Factor  | \$18,541            |
| Proposed Market Basket Increase Factor for FY 2025 (3.2%), reduced by 0.4 percentage point for the productivity adjustment as required by section 1886(j)(3)(C)(ii)(I) of the Act | x 1.028             |
| Proposed Budget Neutrality Factor for the Updates to the Wage Index and Labor-Related Share   | x 0.9928            |
| Proposed Budget Neutrality Factor for the Revisions to the CMG Relative Weights   | x 0.9973            |
| <b>Proposed FY 2025 Standard Payment Conversion Factor</b>  | <b>= \$18,872</b>   |



**Proposed Update to the Case-Mix Group (CMG) Relative Weights and Average Length of Stay (ALOS) Values for FY 2025 (Page 17)**

The table below contains the "Relative Weights and Average Length of Stay Values for the 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                              | 0.9768          | 0.8476 | 0.7762 | 0.7403              | 10                     | 10     | 9     | 8                   |
| 0102 | Stroke M >=63.50 and M <72.50                 | 1.2392          | 1.0752 | 0.9847 | 0.9392              | 11                     | 11     | 11    | 10                  |
| 0103 | Stroke M >=50.50 and M <63.50                 | 1.5975          | 1.3861 | 1.2694 | 1.2107              | 14                     | 15     | 13    | 13                  |
| 0104 | Stroke M >=41.50 and M <50.50                 | 2.0388          | 1.7690 | 1.6201 | 1.5452              | 17                     | 16     | 16    | 16                  |
| 0105 | Stroke M <41.50 and A >=84.50                 | 2.5472          | 2.2100 | 2.0240 | 1.9305              | 22                     | 22     | 20    | 20                  |
| 0106 | Stroke M <41.50 and A <84.50                  | 2.8963          | 2.5129 | 2.3014 | 2.1950              | 24                     | 24     | 23    | 22                  |
| 0201 | Traumatic brain injury M >=73.50              | 1.0197          | 0.8451 | 0.7679 | 0.7233              | 9                      | 10     | 8     | 8                   |
| 0202 | Traumatic brain injury M >=61.50 and M <73.50 | 1.3225          | 1.0961 | 0.9959 | 0.9381              | 12                     | 12     | 11    | 10                  |
| 0203 | Traumatic brain injury M >=49.50 and M <61.50 | 1.6521          | 1.3693 | 1.2441 | 1.1720              | 14                     | 15     | 13    | 13                  |
| 0204 | Traumatic brain injury M >=35.50 and M <49.50 | 2.0483          | 1.6976 | 1.5425 | 1.4530              | 18                     | 17     | 16    | 15                  |
| 0205 | Traumatic brain injury M <35.50               | 2.6222          | 2.1732 | 1.9747 | 1.8601              | 29                     | 22     | 19    | 18                  |
| 0301 | Non-traumatic brain injury M                  | 1.1965          | 0.9588 | 0.8810 | 0.8309              | 10                     | 10     | 9     | 9                   |

| CMG  | CMG Description<br>(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 |
|      | >=65.50   |                 |        |        |                     |                        |        |       |                     |
| 0302 | Non-traumatic brain injury M<br>>=52.50 and M <65.50                    | 1.5457          | 1.2387 | 1.1382 | 1.0734              | 13                     | 12     | 12    | 11                  |
| 0303 | Non-traumatic brain injury M<br>>=42.50 and M <52.50                    | 1.8638          | 1.4936 | 1.3724 | 1.2942              | 15                     | 15     | 14    | 14                  |
| 0304 | Non-traumatic brain injury M<br><42.50 and A >=78.50                    | 2.1608          | 1.7316 | 1.5911 | 1.5005              | 20                     | 17     | 16    | 15                  |
| 0305 | Non-traumatic brain injury M<br><42.50 and A <78.50                     | 2.3777          | 1.9055 | 1.7508 | 1.6512              | 20                     | 19     | 17    | 16                  |
| 0401 | Traumatic spinal cord injury M<br>>=56.50                               | 1.2084          | 1.0874 | 1.0520 | 0.9558              | 13                     | 11     | 11    | 11                  |
| 0402 | Traumatic spinal cord injury M<br>>=47.50 and M <56.50                  | 1.5448          | 1.3901 | 1.3448 | 1.2218              | 16                     | 14     | 14    | 13                  |
| 0403 | Traumatic spinal cord injury M<br>>=41.50 and M <47.50                  | 1.9428          | 1.7482 | 1.6913 | 1.5367              | 18                     | 17     | 17    | 17                  |
| 0404 | Traumatic spinal cord injury M<br><31.50 and A <61.50                   | 2.9590          | 2.6627 | 2.5760 | 2.3404              | 22                     | 29     | 23    | 23                  |
| 0405 | Traumatic spinal cord injury M<br>>=31.50 and M <41.50                  | 2.3976          | 2.1575 | 2.0873 | 1.8964              | 27                     | 21     | 21    | 21                  |
| 0406 | Traumatic spinal cord injury M<br>>=24.50 and M <31.50 and A<br>>=61.50 | 3.0626          | 2.7559 | 2.6663 | 2.4224              | 27                     | 30     | 26    | 25                  |
| 0407 | Traumatic spinal cord injury M<br><24.50 and A >=61.50                  | 4.1570          | 3.7408 | 3.6190 | 3.2880              | 42                     | 39     | 33    | 36                  |
| 0501 | Non-traumatic spinal cord injury M<br>>=60.50                           | 1.2759          | 0.9897 | 0.9351 | 0.8618              | 11                     | 11     | 10    | 10                  |
| 0502 | Non-traumatic spinal cord injury M<br>>=53.50 and M                     | 1.5973          | 1.2390 | 1.1707 | 1.0789              | 15                     | 12     | 12    | 12                  |

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| CMG  | CMG Description<br>(M=motor,<br>A=age)                          | Relative Weight |        |        |                     | Average Length of Stay |        |       |                     |
|------|---|-----------------|--------|--------|---------------------|------------------------|--------|-------|---------------------|
|      |   | Tier 1          | Tier 2 | Tier 3 | No Comorbidity Tier | Tier1                  | Tier 2 | Tier3 | No Comorbidity Tier |
|      | <60.50  |                 |        |        |                     |                        |        |       |                     |
| 0503 | Non-traumatic spinal cord injury M<br>>=48.50 and M<br><53.50   | 1.8307          | 1.4200 | 1.3417 | 1.2365              | 15                     | 14     | 14    | 13                  |
| 0504 | Non-traumatic spinal cord injury M<br>>=39.50 and M<br><48.50   | 2.1769          | 1.6885 | 1.5954 | 1.4704              | 19                     | 17     | 16    | 16                  |
| 0505 | Non-traumatic spinal cord injury M<br><39.50                    | 3.0255          | 2.3467 | 2.2174 | 2.0436              | 26                     | 23     | 22    | 20                  |
| 0601 | Neurological M >=64.50  | 1.3260          | 0.9955 | 0.9288 | 0.8380              | 10                     | 10     | 9     | 9                   |
| 0602 | Neurological M >=52.50 and M<br><64.50                          | 1.6823          | 1.2630 | 1.1784 | 1.0632              | 13                     | 12     | 12    | 11                  |
| 0603 | Neurological M >=43.50 and M<br><52.50                          | 1.9813          | 1.4874 | 1.3878 | 1.2522              | 15                     | 14     | 13    | 13                  |
| 0604 | Neurological M <43.50   | 2.4852          | 1.8657 | 1.7408 | 1.5706              | 20                     | 17     | 16    | 16                  |
| 0701 | Fracture of lower extremity M<br>>=61.50                        | 1.2565          | 0.9710 | 0.9201 | 0.8498              | 12                     | 11     | 10    | 9                   |
| 0702 | Fracture of lower extremity M<br>>=52.50 and M <61.50           | 1.5501          | 1.1978 | 1.1350 | 1.0483              | 13                     | 13     | 12    | 11                  |
| 0703 | Fracture of lower extremity M<br>>=41.50 and M <52.50           | 1.9073          | 1.4738 | 1.3966 | 1.2899              | 16                     | 15     | 14    | 14                  |
| 0704 | Fracture of lower extremity M<br><41.50                         | 2.3302          | 1.8006 | 1.7063 | 1.5759              | 19                     | 18     | 17    | 16                  |
| 0801 | Replacement of lower- extremity<br>joint M >=63.50              | 1.2136          | 0.9821 | 0.8906 | 0.8298              | 10                     | 10     | 9     | 9                   |
| 0802 | Replacement of lower- extremity<br>joint M >=57.50 and M <63.50 | 1.3773          | 1.1146 | 1.0107 | 0.9417              | 11                     | 11     | 10    | 10                  |
| 0803 | Replacement of lower- extremity<br>joint M >=51.50 and M <57.50 | 1.5280          | 1.2366 | 1.1213 | 1.0448              | 12                     | 12     | 11    | 11                  |

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| CMG  | CMG Description<br>(M=motor,<br>A=age)                       | Relative Weight |        |        |                     | Average Length of Stay |        |       |                     |
|------|--|-----------------|--------|--------|---------------------|------------------------|--------|-------|---------------------|
|      |  | Tier 1          | Tier 2 | Tier 3 | No Comorbidity Tier | Tier1                  | Tier 2 | Tier3 | No Comorbidity Tier |
| 0804 | Replacement of lower- extremity joint M >=42.50 and M <51.50 | 1.7135          | 1.3867 | 1.2575 | 1.1717              | 14                     | 14     | 13    | 12                  |
| 0805 | Replacement of lower- extremity joint M <42.50               | 2.0539          | 1.6622 | 1.5073 | 1.4044              | 16                     | 16     | 15    | 14                  |
| 0901 | Other orthopedic M >=63.50                                   | 1.1970          | 0.9619 | 0.8972 | 0.8211              | 10                     | 10     | 9     | 9                   |
| 0902 | Other orthopedic M >=51.50 and M <63.50                      | 1.4914          | 1.1985 | 1.1179 | 1.0231              | 12                     | 12     | 12    | 11                  |
| 0903 | Other orthopedic M >=44.50 and M <51.50                      | 1.7800          | 1.4304 | 1.3341 | 1.2210              | 14                     | 14     | 13    | 13                  |
| 0904 | Other orthopedic M <44.5                                     | 2.1328          | 1.7140 | 1.5986 | 1.4631              | 17                     | 17     | 16    | 15                  |
| 1001 | Amputation lower extremity M >=64.50                         | 1.2060          | 0.9999 | 0.9126 | 0.8155              | 11                     | 11     | 10    | 9                   |
| 1002 | Amputation lower extremity M >=55.50 and M <64.50            | 1.5303          | 1.2687 | 1.1579 | 1.0347              | 14                     | 14     | 12    | 11                  |
| 1003 | Amputation lower extremity M >=47.50 and M <55.50            | 1.7958          | 1.4889 | 1.3588 | 1.2143              | 15                     | 15     | 14    | 13                  |
| 1004 | Amputation lower extremity M <47.50                          | 2.2977          | 1.9049 | 1.7385 | 1.5536              | 19                     | 19     | 17    | 16                  |
| 1101 | Amputation non-lower extremity M >=58.50                     | 1.2582          | 1.0190 | 1.0190 | 0.9934              | 10                     | 11     | 12    | 11                  |
| 1102 | Amputation non-lower extremity M >=52.50 and M <58.50        | 1.6072          | 1.3017 | 1.3017 | 1.2689              | 13                     | 14     | 14    | 13                  |
| 1103 | Amputation non-lower extremity M <52.50                      | 2.0039          | 1.6230 | 1.6230 | 1.5821              | 17                     | 14     | 17    | 14                  |
| 1201 | Osteoarthritis M >=61.50                                     | 1.3199          | 1.0100 | 0.9435 | 0.8649              | 11                     | 10     | 9     | 10                  |
| 1202 | Osteoarthritis M >=49.50 and M <61.50                        | 1.6025          | 1.2262 | 1.1456 | 1.0501              | 13                     | 12     | 11    | 11                  |
| 1203 | Osteoarthritis M <49.50 and A                                | 2.0725          | 1.5859 | 1.4816 | 1.3580              | 16                     | 17     | 15    | 14                  |

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| CMG  | CMG Description<br>(M=motor,<br>A=age)                          | Relative Weight |        |        |                     | Average Length of Stay |        |       |                     |
|------|---|-----------------|--------|--------|---------------------|------------------------|--------|-------|---------------------|
|      |   | Tier 1          | Tier 2 | Tier 3 | No Comorbidity Tier | Tier1                  | Tier 2 | Tier3 | No Comorbidity Tier |
|      | >=74.50   |                 |        |        |                     |                        |        |       |                     |
| 1204 | Osteoarthritis M <49.50 and A <74.50                            | 2.1745          | 1.6639 | 1.5545 | 1.4249              | 17                     | 15     | 16    | 13                  |
| 1301 | Rheumatoid other arthritis M >=62.50                            | 1.1226          | 0.8989 | 0.8592 | 0.7969              | 10                     | 9      | 10    | 8                   |
| 1302 | Rheumatoid other arthritis M >=51.50 and M <62.50               | 1.5415          | 1.2343 | 1.1798 | 1.0943              | 13                     | 12     | 12    | 12                  |
| 1303 | Rheumatoid other arthritis M >=44.50 and M <51.50 and A >=64.50 | 1.7456          | 1.3977 | 1.3360 | 1.2392              | 15                     | 13     | 13    | 13                  |
| 1304 | Rheumatoid other arthritis M <44.50 and A >=64.50               | 2.2136          | 1.7724 | 1.6942 | 1.5714              | 16                     | 17     | 16    | 16                  |
| 1305 | Rheumatoid other arthritis M <51.50 and A <64.50                | 2.0921          | 1.6752 | 1.6012 | 1.4851              | 17                     | 14     | 14    | 16                  |
| 1401 | Cardiac M >=68.50   | 1.1253          | 0.8889 | 0.8258 | 0.7601              | 10                     | 9      | 9     | 8                   |
| 1402 | Cardiac M >=55.50 and M <68.50                                  | 1.4285          | 1.1284 | 1.0483 | 0.9649              | 12                     | 12     | 11    | 10                  |
| 1403 | Cardiac M >=45.50 and M <55.50                                  | 1.7498          | 1.3822 | 1.2840 | 1.1820              | 14                     | 14     | 13    | 12                  |
| 1404 | Cardiac M <45.50  | 2.1390          | 1.6897 | 1.5697 | 1.4449              | 18                     | 16     | 15    | 14                  |
| 1501 | Pulmonary M >=68.50   | 1.2625          | 1.0315 | 0.9742 | 0.9097              | 12                     | 10     | 9     | 9                   |
| 1502 | Pulmonary M >=56.50 and M <68.50                                | 1.5969          | 1.3048 | 1.2323 | 1.1507              | 13                     | 12     | 12    | 11                  |
| 1503 | Pulmonary M >=45.50 and M <56.50                                | 1.8179          | 1.4853 | 1.4028 | 1.3099              | 16                     | 14     | 13    | 12                  |
| 1504 | Pulmonary M <45.50  | 2.2486          | 1.8372 | 1.7351 | 1.6202              | 19                     | 17     | 16    | 15                  |
| 1601 | Pain syndrome M >=65.50   | 1.2819          | 0.9705 | 0.8714 | 0.8110              | 9                      | 10     | 9     | 9                   |

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| CMG  | CMG Description<br>(M=motor,<br>A=age)   | Relative Weight |        |        |                     | Average Length of Stay |        |       |                     |
|------|--|-----------------|--------|--------|---------------------|------------------------|--------|-------|---------------------|
|      |  | Tier 1          | Tier 2 | Tier 3 | No Comorbidity Tier | Tier1                  | Tier 2 | Tier3 | No Comorbidity Tier |
| 1602 | Pain syndrome M >=58.50 and M <65.50   | 1.4866          | 1.1254 | 1.0106 | 0.9405              | 11                     | 11     | 10    | 10                  |
| 1603 | Pain syndrome M >=43.50 and M <58.50   | 1.8646          | 1.4116 | 1.2675 | 1.1796              | 13                     | 13     | 13    | 12                  |
| 1604 | Pain syndrome M <43.50   | 2.3143          | 1.7520 | 1.5732 | 1.4641              | 14                     | 15     | 16    | 14                  |
| 1701 | Major multiple trauma without brain or spinal cord injury M >=57.50              | 1.3312          | 1.0409 | 0.9627 | 0.8743              | 11                     | 11     | 10    | 10                  |
| 1702 | Major multiple trauma without brain or spinal cord injury M >=50.50 and M <57.50 | 1.6546          | 1.2938 | 1.1965 | 1.0867              | 13                     | 14     | 12    | 12                  |
| 1703 | Major multiple trauma without brain or spinal cord injury M >=41.50 and M <50.50 | 1.9665          | 1.5377 | 1.4221 | 1.2916              | 16                     | 15     | 14    | 14                  |
| 1704 | Major multiple trauma without brain or spinal cord injury M >=36.50 and M <41.50 | 2.2253          | 1.7401 | 1.6093 | 1.4616              | 17                     | 17     | 16    | 15                  |
| 1705 | Major multiple trauma without brain or spinal cord injury M <36.50               | 2.6098          | 2.0408 | 1.8874 | 1.7142              | 22                     | 20     | 19    | 17                  |
| 1801 | Major multiple trauma with brain or spinal cord injury M >=67.50                 | 1.0552          | 0.8513 | 0.8025 | 0.7437              | 11                     | 10     | 10    | 9                   |
| 1802 | Major multiple trauma with brain or spinal cord injury M >=55.50 and M <67.50    | 1.4134          | 1.1402 | 1.0748 | 0.9961              | 14                     | 12     | 12    | 11                  |
| 1803 | Major multiple trauma with brain or spinal cord injury M >=45.50 and M <55.50    | 1.8216          | 1.4695 | 1.3852 | 1.2839              | 17                     | 16     | 15    | 14                  |
| 1804 | Major multiple trauma with brain or spinal cord injury M >=40.50 and M <45.50    | 1.9918          | 1.6069 | 1.5147 | 1.4039              | 18                     | 16     | 15    | 15                  |

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| CMG  | CMG Description<br>(M=motor,<br>A=age)   | Relative Weight |        |        |                     | Average Length of Stay |        |       |                     |
|------|--|-----------------|--------|--------|---------------------|------------------------|--------|-------|---------------------|
|      |  | Tier 1          | Tier 2 | Tier 3 | No Comorbidity Tier | Tier1                  | Tier 2 | Tier3 | No Comorbidity Tier |
| 1805 | Major multiple trauma with brain or spinal cord injury M<br>>=30.50 and M <40.50 | 2.4129          | 1.9466 | 1.8349 | 1.7006              | 20                     | 21     | 18    | 17                  |
| 1806 | Major multiple trauma with brain or spinal cord injury M<br><30.50               | 3.4116          | 2.7522 | 2.5944 | 2.4045              | 39                     | 27     | 24    | 23                  |
| 1901 | Guillain-Barré M >=66.50   | 1.0348          | 0.7974 | 0.7436 | 0.7278              | 11                     | 9      | 9     | 8                   |
| 1902 | Guillain-Barré M >=51.50 and M <66.50  | 1.6652          | 1.2833 | 1.1966 | 1.1713              | 17                     | 14     | 13    | 13                  |
| 1903 | Guillain-Barré M >=38.50 and M <51.50  | 2.5018          | 1.9280 | 1.7977 | 1.7596              | 23                     | 19     | 17    | 19                  |
| 1904 | Guillain-Barré M <38.50  | 3.6577          | 2.8188 | 2.6284 | 2.5727              | 32                     | 30     | 25    | 25                  |
| 2001 | Miscellaneous M >=66.50  | 1.1777          | 0.9424 | 0.8810 | 0.8022              | 10                     | 10     | 9     | 9                   |
| 2002 | Miscellaneous M >=55.50 and M <66.50   | 1.4691          | 1.1755 | 1.0989 | 1.0006              | 12                     | 12     | 11    | 11                  |
| 2003 | Miscellaneous M >=46.50 and M <55.50   | 1.7588          | 1.4073 | 1.3156 | 1.1979              | 15                     | 14     | 13    | 12                  |
| 2004 | Miscellaneous M <46.50 and A >=77.50   | 2.1025          | 1.6823 | 1.5727 | 1.4320              | 18                     | 16     | 15    | 15                  |
| 2005 | Miscellaneous M <46.50 and A <77.50  | 2.2160          | 1.7731 | 1.6576 | 1.5093              | 19                     | 18     | 16    | 15                  |
| 2101 | Burns M >=52.50  | 1.5169          | 1.1654 | 1.1654 | 0.9830              | 14                     | 14     | 13    | 11                  |
| 2102 | Burns M <52.50   | 2.3089          | 1.7739 | 1.7739 | 1.4963              | 19                     | 23     | 18    | 15                  |
| 5001 | Short-stay cases, length of stay is 3 days or fewer                              | 0.0000          | 0.0000 | 0.0000 | 0.1715              | 0                      | 0      | 0     | 2                   |
| 5101 | Expired, orthopedic, length of stay is 13 days or fewer                          | 0.0000          | 0.0000 | 0.0000 | 0.7563              | 0                      | 0      | 0     | 8                   |
| 5102 | Expired, orthopedic, length of stay is 14 days or more                           | 0.0000          | 0.0000 | 0.0000 | 1.8223              | 0                      | 0      | 0     | 16                  |
| 5103 | Expired, not orthopedic, length of stay is 15 days or fewer                      | 0.0000          | 0.0000 | 0.0000 | 0.9160              | 0                      | 0      | 0     | 9                   |

| CMG  | CMG Description<br>(M=motor,<br>A=age)                     | Relative Weight |        |        |                     | Average Length of Stay |        |       |                     |
|------|--|-----------------|--------|--------|---------------------|------------------------|--------|-------|---------------------|
|      |  | Tier 1          | Tier 2 | Tier 3 | No Comorbidity Tier | Tier1                  | Tier 2 | Tier3 | No Comorbidity Tier |
| 5104 | Expired, not orthopedic, length of stay is 16 days or more | 0.0000          | 0.0000 | 0.0000 | 2.3794              | 0                      | 0      | 0     | 23                  |

**Proposed FY 2025 IRF PPS Payment Rates (Page 47)**

| CMG  | Payment Rate Tier 1 | Payment Rate Tier 2 | Payment Rate Tier 3 | Payment Rate No Comorbidity |
|------|---------------------|---------------------|---------------------|-----------------------------|
| 0101 | \$18,434.17         | \$15,995.91         | \$14,648.45         | \$13,970.94                 |
| 0102 | \$23,386.18         | \$20,291.17         | \$18,583.26         | \$17,724.58                 |
| 0103 | \$30,148.02         | \$26,158.48         | \$23,956.12         | \$22,848.33                 |
| 0104 | \$38,476.23         | \$33,384.57         | \$30,574.53         | \$29,161.01                 |
| 0105 | \$48,070.76         | \$41,707.12         | \$38,196.93         | \$36,432.40                 |
| 0106 | \$54,658.97         | \$47,423.45         | \$43,432.02         | \$41,424.04                 |
| 0201 | \$19,243.78         | \$15,948.73         | \$14,491.81         | \$13,650.12                 |
| 0202 | \$24,958.22         | \$20,685.60         | \$18,794.62         | \$17,703.82                 |
| 0203 | \$31,178.43         | \$25,841.43         | \$23,478.66         | \$22,117.98                 |
| 0204 | \$38,655.52         | \$32,037.11         | \$29,110.06         | \$27,421.02                 |
| 0205 | \$49,486.16         | \$41,012.63         | \$37,266.54         | \$35,103.81                 |
| 0301 | \$22,580.35         | \$18,094.47         | \$16,626.23         | \$15,680.74                 |
| 0302 | \$29,170.45         | \$23,376.75         | \$21,480.11         | \$20,257.20                 |
| 0303 | \$35,173.63         | \$28,187.22         | \$25,899.93         | \$24,424.14                 |
| 0304 | \$40,778.62         | \$32,678.76         | \$30,027.24         | \$28,317.44                 |
| 0305 | \$44,871.95         | \$35,960.60         | \$33,041.10         | \$31,161.45                 |
| 0401 | \$22,804.92         | \$20,521.41         | \$19,853.34         | \$18,037.86                 |
| 0402 | \$29,153.47         | \$26,233.97         | \$25,379.07         | \$23,057.81                 |
| 0403 | \$36,664.52         | \$32,992.03         | \$31,918.21         | \$29,000.60                 |
| 0404 | \$55,842.25         | \$50,250.47         | \$48,614.27         | \$44,168.03                 |
| 0405 | \$45,247.51         | \$40,716.34         | \$39,391.53         | \$35,788.86                 |

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| CMG  | Payment Rate Tier 1 | Payment Rate Tier 2 | Payment Rate Tier 3 | Payment Rate No Comorbidity |
|------|---------------------|---------------------|---------------------|-----------------------------|
| 0406 | \$57,797.39         | \$52,009.34         | \$50,318.41         | \$45,715.53                 |
| 0407 | \$78,450.90         | \$70,596.38         | \$68,297.77         | \$62,051.14                 |
| 0501 | \$24,078.78         | \$18,677.62         | \$17,647.21         | \$16,263.89                 |
| 0502 | \$30,144.25         | \$23,382.41         | \$22,093.45         | \$20,361.00                 |
| 0503 | \$34,548.97         | \$26,798.24         | \$25,320.56         | \$23,335.23                 |
| 0504 | \$41,082.46         | \$31,865.37         | \$30,108.39         | \$27,749.39                 |
| 0505 | \$57,097.24         | \$44,286.92         | \$41,846.77         | \$38,566.82                 |
| 0601 | \$25,024.27         | \$18,787.08         | \$17,528.31         | \$15,814.74                 |
| 0602 | \$31,748.37         | \$23,835.34         | \$22,238.76         | \$20,064.71                 |
| 0603 | \$37,391.09         | \$28,070.21         | \$26,190.56         | \$23,631.52                 |
| 0604 | \$46,900.69         | \$35,209.49         | \$32,852.38         | \$29,640.36                 |
| 0701 | \$23,712.67         | \$18,324.71         | \$17,364.13         | \$16,037.43                 |
| 0702 | \$29,253.49         | \$22,604.88         | \$21,419.72         | \$19,783.52                 |
| 0703 | \$35,994.57         | \$27,813.55         | \$26,356.64         | \$24,342.99                 |
| 0704 | \$43,975.53         | \$33,980.92         | \$32,201.29         | \$29,740.38                 |
| 0801 | \$22,903.06         | \$18,534.19         | \$16,807.40         | \$15,659.99                 |
| 0802 | \$25,992.41         | \$21,034.73         | \$19,073.93         | \$17,771.76                 |
| 0803 | \$28,836.42         | \$23,337.12         | \$21,161.17         | \$19,717.47                 |
| 0804 | \$32,337.17         | \$26,169.80         | \$23,731.54         | \$22,112.32                 |
| 0805 | \$38,761.20         | \$31,369.04         | \$28,445.77         | \$26,503.84                 |
| 0901 | \$22,589.78         | \$18,152.98         | \$16,931.96         | \$15,495.80                 |
| 0902 | \$28,145.70         | \$22,618.09         | \$21,097.01         | \$19,307.94                 |
| 0903 | \$33,592.16         | \$26,994.51         | \$25,177.14         | \$23,042.71                 |
| 0904 | \$40,250.20         | \$32,346.61         | \$30,168.78         | \$27,611.62                 |
| 1001 | \$22,759.63         | \$18,870.11         | \$17,222.59         | \$15,390.12                 |
| 1002 | \$28,879.82         | \$23,942.91         | \$21,851.89         | \$19,526.86                 |
| 1003 | \$33,890.34         | \$28,098.52         | \$25,643.27         | \$22,916.27                 |
| 1004 | \$43,362.19         | \$35,949.27         | \$32,808.97         | \$29,319.54                 |
| 1101 | \$23,744.75         | \$19,230.57         | \$19,230.57         | \$18,747.44                 |
| 1102 | \$30,331.08         | \$24,565.68         | \$24,565.68         | \$23,946.68                 |

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| CMG  | Payment Rate Tier 1 | Payment Rate Tier 2 | Payment Rate Tier 3 | Payment Rate No Comorbidity |
|------|---------------------|---------------------|---------------------|-----------------------------|
| 1103 | \$37,817.60         | \$30,629.26         | \$30,629.26         | \$29,857.39                 |
| 1201 | \$24,909.15         | \$19,060.72         | \$17,805.73         | \$16,322.39                 |
| 1202 | \$30,242.38         | \$23,140.85         | \$21,619.76         | \$19,817.49                 |
| 1203 | \$39,112.22         | \$29,929.10         | \$27,960.76         | \$25,628.18                 |
| 1204 | \$41,037.16         | \$31,401.12         | \$29,336.52         | \$26,890.71                 |
| 1301 | \$21,185.71         | \$16,964.04         | \$16,214.82         | \$15,039.10                 |
| 1302 | \$29,091.19         | \$23,293.71         | \$22,265.19         | \$20,651.63                 |
| 1303 | \$32,942.96         | \$26,377.39         | \$25,212.99         | \$23,386.18                 |
| 1304 | \$41,775.06         | \$33,448.73         | \$31,972.94         | \$29,655.46                 |
| 1305 | \$39,482.11         | \$31,614.37         | \$30,217.85         | \$28,026.81                 |
| 1401 | \$21,236.66         | \$16,775.32         | \$15,584.50         | \$14,344.61                 |
| 1402 | \$26,958.65         | \$21,295.16         | \$19,783.52         | \$18,209.59                 |
| 1403 | \$33,022.23         | \$26,084.88         | \$24,231.65         | \$22,306.70                 |
| 1404 | \$40,367.21         | \$31,888.02         | \$29,623.38         | \$27,268.15                 |
| 1501 | \$23,825.90         | \$19,466.47         | \$18,385.10         | \$17,167.86                 |
| 1502 | \$30,136.70         | \$24,624.19         | \$23,255.97         | \$21,716.01                 |
| 1503 | \$34,307.41         | \$28,030.58         | \$26,473.64         | \$24,720.43                 |
| 1504 | \$42,435.58         | \$34,671.64         | \$32,744.81         | \$30,576.41                 |
| 1601 | \$24,192.02         | \$18,315.28         | \$16,445.06         | \$15,305.19                 |
| 1602 | \$28,055.12         | \$21,238.55         | \$19,072.04         | \$17,749.12                 |
| 1603 | \$35,188.73         | \$26,639.72         | \$23,920.26         | \$22,261.41                 |
| 1604 | \$43,675.47         | \$33,063.74         | \$29,689.43         | \$27,630.50                 |
| 1701 | \$25,122.41         | \$19,643.86         | \$18,168.07         | \$16,499.79                 |
| 1702 | \$31,225.61         | \$24,416.59         | \$22,580.35         | \$20,508.20                 |
| 1703 | \$37,111.79         | \$29,019.47         | \$26,837.87         | \$24,375.08                 |
| 1704 | \$41,995.86         | \$32,839.17         | \$30,370.71         | \$27,583.32                 |
| 1705 | \$49,252.15         | \$38,513.98         | \$35,619.01         | \$32,350.38                 |
| 1801 | \$19,913.73         | \$16,065.73         | \$15,144.78         | \$14,035.11                 |
| 1802 | \$26,673.68         | \$21,517.85         | \$20,283.63         | \$18,798.40                 |
| 1803 | \$34,377.24         | \$27,732.40         | \$26,141.49         | \$24,229.76                 |

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| CMG  | Payment Rate Tier 1 | Payment Rate Tier 2 | Payment Rate Tier 3 | Payment Rate No Comorbidity |
|------|---------------------|---------------------|---------------------|-----------------------------|
| 1804 | \$37,589.25         | \$30,325.42         | \$28,585.42         | \$26,494.40                 |
| 1805 | \$45,536.25         | \$36,736.24         | \$34,628.23         | \$32,093.72                 |
| 1806 | \$64,383.72         | \$51,939.52         | \$48,961.52         | \$45,377.72                 |
| 1901 | \$19,528.75         | \$15,048.53         | \$14,033.22         | \$13,735.04                 |
| 1902 | \$31,425.65         | \$24,218.44         | \$22,582.24         | \$22,104.77                 |
| 1903 | \$47,213.97         | \$36,385.22         | \$33,926.19         | \$33,207.17                 |
| 1904 | \$69,028.11         | \$53,196.39         | \$49,603.16         | \$48,551.99                 |
| 2001 | \$22,225.55         | \$17,784.97         | \$16,626.23         | \$15,139.12                 |
| 2002 | \$27,724.86         | \$22,184.04         | \$20,738.44         | \$18,883.32                 |
| 2003 | \$33,192.07         | \$26,558.57         | \$24,828.00         | \$22,606.77                 |
| 2004 | \$39,678.38         | \$31,748.37         | \$29,679.99         | \$27,024.70                 |
| 2005 | \$41,820.35         | \$33,461.94         | \$31,282.23         | \$28,483.51                 |
| 2101 | \$28,626.94         | \$21,993.43         | \$21,993.43         | \$18,551.18                 |
| 2102 | \$43,573.56         | \$33,477.04         | \$33,477.04         | \$28,238.17                 |
| 5001 | \$-                 | \$-                 | \$-                 | \$3,236.55                  |
| 5101 | \$-                 | \$-                 | \$-                 | \$14,272.89                 |
| 5102 | \$-                 | \$-                 | \$-                 | \$34,390.45                 |
| 5103 | \$-                 | \$-                 | \$-                 | \$17,286.75                 |
| 5104 | \$-                 | \$-                 | \$-                 | \$44,904.04                 |

**Proposed Update to Payments for High-Cost Outliers under the IRF PPS for FY 2025 (Page 51)**

Based on an analysis of the preliminary data used for the proposed rule, CMS estimates that IRF outlier payments as a percentage of total estimated payments would be approximately 3.2 percent in FY 2024.

Therefore, CMS proposes to update the outlier threshold amount from \$10,423 for FY 2024 to **\$12,158** for FY 2025 to maintain estimated outlier payments at approximately 3.0 percent of total estimated aggregate IRF payments for FY 2025.

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## **Inpatient Rehabilitation Facility (IRF) Quality Reporting Program (QRP) (Page 56)**

CMS is proposing to require IRFs to report four new items to the IRF-Patient Assessment Instrument (PAI) and modify one item on the IRF-PAI social determinants of health (SDOH) category under the IRF QRP: one item for Living Situation; two items for Food; and one item for Utilities. CMS is also proposing to remove an item from the IRF-PAI.

- **Living Situation (Page 64)**

CMS is proposing to adopt the Living Situation item as a new standardized patient assessment data element under the SDOH category. This proposed Living Situation item is based on the Living Situation item currently collected in the AHC HRSN Screening Tool, and was adapted from the Protocol for Responding to and Assessing Patients' Assets, Risks, and Experiences (PRAPARE) tool. The proposed Living Situation item asks, "What is your living situation today?" The proposed response options are: (1) I have a steady place to live; (2) I have a place to live today, but I am worried about losing it in the future; (3) I do not have a steady place to live; (7) Patient declines to respond; and (8) Patient unable to respond.

A draft of the proposed Living Situation item to be adopted can be found in the Downloads section of the IRF-PAI and IRF-PAI Manual webpage at: <https://www.cms.gov/medicare/quality/inpatient-rehabilitation-facility/irf-pai-and-irf-qrp-manual>.

- **Food (Page 67)**

The first proposed Food item states, "Within the past 12 months, you worried that your food would run out before you got money to buy more." The second proposed Food item states, "Within the past 12 months, the food you bought just didn't last and you didn't have money to get more."

CMS proposes the same response options for both items: (1) Often true; (2) Sometimes true; (3) Never True; (7) Patient declines to respond; and (8) Patient unable to respond. A draft of the proposed Food items to be adopted as standardized patient assessment data elements under the SDOH category can be found in the Downloads section of the IRF-PAI and IRF-PAI Manual webpage at:

<https://www.cms.gov/medicare/quality/inpatient-rehabilitation-facility/irf-pai-and-irf-qrpmanual>.

- **Utilities (Page 67)**

The proposed Utilities item asks, "In the past 12 months, has the electric, gas, oil, or water company threatened to shut off services in your home?" The proposed response options are: (1) Yes; (2) No; (3) Already shut off; (7) Patient declines to respond; and (8) Patient unable to respond. A draft of the

proposed Utilities item to be adopted can be found in the Downloads section of the IRF-PAI and IRF-PAI Manual webpage at: <https://www.cms.gov/medicare/quality/inpatient-rehabilitation-facility/irf-pai-and-irf-qrpmanual>.

- **Proposal to Modify the Transportation Item Beginning with the FY 2028 IRF QRP (Page 71)**

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CMS is proposing to modify the A1250. Transportation item currently collected in the IRF-PAI in two ways: (1) revise the look-back period for when the patient experienced lack of reliable transportation; and (2) simplify the response options.

First, the proposed modification of the Transportation item would use a defined 12-month look back period.

The second proposal would ask, "In the past 12 months, has a lack of reliable transportation kept you from medical appointments, meetings, work or from getting things needed for daily living?" The proposed response options are: (0) Yes; (1) No; (7) Patient declines to respond; and (8) Patient unable to respond.

### **Comment**

The above numbers for responses are from CMS. Yes, they do not follow in order.

- Form, Manner and Reporting

CMS is proposing that IRFs would be required to report these new items and the transportation item using the IRF-PAI beginning with patients admitted on October 1, 2026, for purposes of the FY 2028 IRF QRP. Starting in CY 2027, IRFs would be required to submit data for the entire calendar year with the FY 2029 IRF QRP.

- IRF Star Rating System: Request for Information (RFI)

CMS is seeking feedback on the development of a five-star methodology for IRFs that can meaningfully distinguish between quality of care offered by IRFs. "Star ratings for IRFs would be designed to help consumers quickly identify differences in quality when selecting a provider."

- Proposal to Remove the Admission Class Item From the IRF-PAI Beginning October 1, 2026.  
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CMS proposes to remove Item 14 entirely from the IRF-PAI, beginning October 1, 2026. CMS says this item is currently not used in the calculation of quality measures already adopted in the IRF QRP. It is also not used for previously established purposes unrelated to the IRF QRP, such as payment, survey, or care planning.

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## Final Comments

Overall, the estimated payments per discharge for IRFs in FY 2025 are projected to increase by 2.5 percent, compared with the estimated payments in FY 2024.

Once again, be careful with CMS' numbers. CMS says the market-basket increase of 3.2 percent reduced by the mandated productivity factor of 0.4 percent results in an increase in payments of 2.8 percent. CMS is mostly silent about the impact of increasing the outlier threshold to reduce payments by an estimated 0.3 percent resulting in an overall gain of 2.5 percent.

IRF payments per discharge are estimated to increase by 2.4 percent in urban areas and 4.6 percent in rural areas, compared with estimated FY 2024 payments. Payments per discharge to rehabilitation units are estimated to increase 1.8 percent in urban areas and 4.6 percent in rural areas. Payments per discharge to freestanding rehabilitation hospitals are estimated to increase 2.8 percent in urban areas and 4.7 percent in rural areas.

There are 1,011 IRFs located in urban areas included in CMS' analysis. Among these, there are 651 IRF units of hospitals located in urban areas and 360 freestanding IRF hospitals located in urban areas. There are 143 IRFs located in rural areas. Among these, there are 130 IRF units of hospitals located in rural areas and 13 freestanding IRF hospitals located in rural areas. There are 494 for-profit IRFs. Among these, there are 459 IRFs in urban areas and 35 IRFs in rural areas. There are 564 non-profit IRFs. Among these, there are 475 urban IRFs and 89 rural IRFs. There are 96 government-owned IRFs. Among these, there are 77 urban IRFs and 19 rural IRFs.

This analysis is longer than usual in as much as we have reported on the geographic wage index proposals impacts.

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