

## Notification

### **Medicare payments to inpatient rehabilitation facilities to increase 2.1 percent in FY 2013**

The Centers for Medicare & Medicaid Services (CMS) today issued a notice that will update payment rates to more than 200 freestanding inpatient rehabilitation facilities (IRFs), and to almost 1,000 IRF units of acute care hospitals, including a small number of IRF units in critical access hospitals (CAHs) that are paid under the IRF Prospective Payment System (PPS). The new rates will apply to services furnished to Medicare beneficiaries during fiscal year (FY) 2013, beginning with discharges on or after October 1, 2012.

CMS updates the payment rates under the IRF PPS annually, using a market basket index that reflects changes in the prices of goods and services used to furnish covered care in IRFs, Inpatient Psychiatric Facilities, and Long-Term Care Hospitals (RPL) market basket. For FY 2013, the market basket estimate is 2.7 percent. The market basket is reduced by a 0.7 percent multifactor productivity (MFP) adjustment and a 0.1 percentage point reduction, both mandated by the Affordable Care Act. An additional 0.2 percentage point increase to payments is due to an update in the outlier threshold amount for FY 2013 to increase estimated outlier payments from 2.8 percent in FY 2012 to 3 percent in FY 2013. The net estimated increase to aggregate payments for FY 2013 is 2.1 percent.

CMS estimates the total impact of the FY 2013 payment rate update to be an increase of approximately \$140 million.

The notice went on display on July 25, 2012 at the Office of the Federal Register's Public Inspection Desk and will appear in the July 30, 2012 *Federal Register*. It can be downloaded at: <http://www.ofr.gov/inspection.aspx?AspxAutoDetectCookieSupport=1>.

For more information, please see: <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/InpatientRehabFacPPS/index.html>.

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