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CMS implements payment, policy changes for Inpatient Rehabilitation Facilities

Final rule adopts measures for new IRF Quality Reporting Program

The Centers for Medicare & Medicaid Services (CMS) today issued a final rule that updates Medicare payment policies and rates for more than 1,200 freestanding and hospital-based inpatient rehabilitation facilities (IRFs) in Fiscal Year (FY) 2012. The final rule increases IRF payment rates under the IRF Prospective Payment System (PPS) by 2.2 percent and establishes a new quality reporting system authorized by the Affordable Care Act. CMS projects that total payments under the IRF PPS will increase by \$150 million in FY 2012.

“The final rule extends to the Inpatient Rehabilitation Facility payment system a quality reporting program designed to encourage these facilities to adopt practices that will better protect patient safety and prevent hospital-acquired conditions, which is an essential part of providing well-coordinated patient-and-family-centered care,” said CMS Administrator Dr. Donald Berwick.”

Initially, IRFs will submit data on two quality measures, a urinary catheter-associated urinary tract infection measure and a measure for new or worsening pressure ulcers, with a third measure—“30-day Comprehensive All Cause Risk Standardized Readmission”—under development. IRFs that do not submit performance data will see their payments reduced by two percentage points beginning in FY 2014. CMS anticipates adding measures for reporting in the future through rulemaking and establishing a process for making the data available to the public. As with other data on the CMS website, the IRFs would have an opportunity to review the data for accuracy before it becomes public.

The final rule will affect payments to more than 200 freestanding rehabilitation hospitals and more than 1,000 IRF units in acute care hospitals and critical access hospitals, beginning with

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discharges on or after Oct. 1, 2011. Under the IRF PPS, the Medicare payment to an IRF increases after the IRF's costs for treating a beneficiary exceed an outlier threshold amount. The threshold is set for FY 2012 at an amount that is projected to maintain outlier payments at three percent of total payments under the IRF PPS.

The final rule also:

- Updates the case-mix group (CMG) relative weights using FY 2010 IRF claims and FY 2009 IRF cost report data;
- Uses the final FY 2011 pre-reclassified and pre-floor hospital wage data to determine the FY 2012 rates;
- Freezes the facility-level adjustment factors for FY 2012 at FY 2011 levels for one additional year while the agency explores ways to improve upon the accuracy and consistency of the current methodology used to calculate the facility-level adjustment factors;
- Allows IRFs to receive temporary adjustments to their FTE intern and resident caps if they take on interns and residents who are unable to complete their training because the IRF that had originally been their assigned training site either closed or ended its resident training program; and
- Allows IRF and inpatient psychiatric facility units to expand in the middle of a cost reporting period, rather than restricting such expansions to the start of a cost reporting period.

“The final rule we are announcing today will help ensure that Medicare beneficiaries who require rehabilitation in an inpatient setting, continue to have access to high quality care that will help them meet their rehabilitation goals during the difficult work of recovery,” said Dr. Berwick.

The final rule went on display on July 29, 2011 at the Office of the Federal Register's Public Inspection Desk and will be available under “Special Filings” at:

<http://www.ofr.gov/inspection.aspx?AspxAutoDetectCookieSupport=1>

It will appear in the Aug. 5, 2011 *Federal Register*.

For more information, please see: www.cms.hhs.gov/InpatientRehabFacPPS/