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FY 2017 Inpatient Rehabilitation Facility Final Rule

OVERVIEW

On July 29th, the Centers for Medicare and Medicaid Services (CMS) released a final rule for FY 2017 Medicare payment policies and rates for the Inpatient Rehabilitation Facility Prospective Payment System (IRF PPS) and the IRF Quality Reporting Program (IRF QRP).

The provisions of the final rule go into effect on October 1, 2016. This document summarizes several provisions of the final rule, which is available here.

Payment Policy Provisions

For FY 2017, CMS will increase IRF PPS payment rates by 1.65 percent. This update differs from the proposed rule that would have increased payment rates by 1.45 percent. The 1.65 percent increase is the net effect of a market basket update of 2.7 percent, reduced by a 0.3 percentage point multi-factor productivity adjustment and a required 0.75 percentage point reduction. An additional 0.3 percent increase in aggregate payments due to outlier payment threshold reductions would result in an overall payment update of 1.9 percent, or $145 million, relative to FY 2016 payments.

CMS finalized its proposal to maintain facility-level adjustment factors at their current levels for FY 2017.

IRF QRP Update

Under the IRF PPS, an IRF that does not submit required data to CMS receives a two percent reduction in its annual increase factor for payments. IRFs that experience a qualifying event that prevents them from submitting quality data currently have up to 30 days to submit an exception or extension request. CMS finalized its proposal to allow IRFs to submit an exception or extension request within 90 days of a qualifying event.

To satisfy requirements of the Improving Medicare Post-Acute Care Transformation (IMPACT) Act, CMS finalized its proposal to add five new measures to the IRF QRP: four claims-based measures and one assessment-based measure. Beginning in FY 2018, the following claims-based measures will be calculated by CMS using two years of Medicare fee-for-service claims data and require no additional reporting:

- Discharge to Community – Post-Acute Care (PAC) IRF QRP;
- Medicare Spending Per Beneficiary – PAC IRF QRP;
- Potentially Preventable 30 Day Post-Discharge Readmission Measure for IRFs; and
- Potentially Preventable within Stay Readmission for IRFs.

For FY 2018 payment determinations, the claims-based measures will be calculated based on claims data from CY 2015 and 2016.

Under the final rule, IRFs will be required to report the following assessment-based measure for FY 2020 and subsequent years:

- Drug Regiment Review Conducted with Follow-Up for Identified Issues.

For 2020 payment determinations, the reporting will be based on discharges from October 1, 2018 through December, 31, 2018.