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FY 2018 Inpatient Rehabilitation Facilities (IRF) Final Rule

OVERVIEW

On July 31st, the Centers for Medicare and Medicaid Services (CMS) released a final rule for federal fiscal year (FY) 2018 Medicare payment policies and rates for the Inpatient Rehabilitation Facility Prospective Payment System (IRF PPS) and the IRF Quality Reporting Program (IRF QRP).

The final rule is available here.

PAYMENT POLICY PROVISIONS

For FY 2018, CMS will increase payment rates by 1.0%, as required by the Medicare Access and CHIP Reauthorization Act (MACRA), reduced by an updated outlier threshold, for a net increase of 0.9%, or an estimated $75 million. The outlier threshold amount will increase from $7,984 in FY 2017 to $8,679 in FY 2018. Other payment provisions include:

Presumptive Compliance

To be paid under the IRF PPS, providers must demonstrate that at least 60% of their total inpatient population requires treatment for specific medical conditions that are reported via ICD-10-CM diagnosis codes. For FY 2018, CMS finalized its proposal to expand the list of codes that count toward presumptive compliance determinations under the "60% rule." For FY 2018, CMS will count:

- Additional codes for patients with traumatic brain injury and hip fractures; and
- Specified combinations of codes containing multiple fractures in the lower extremity, upper extremity, and rib and sternum.

The proposed rule would have removed certain ICD-10-CM codes from the presumptive methodology, but CMS is not finalizing that proposal at this time.

IRF Patient Assessment Instrument (PAI)

CMS finalized its proposal to remove the 25% payment penalty for the late submission of the IRF patient assessment instrument. CMS believes the penalty is no longer necessary since IRFs can only receive payment for a Medicare fee-for-service beneficiary when both the IRF claim and IRF-PAI are submitted accordingly.

Rural Adjustment Transition

IRFs whose classification changed from rural to urban under the new Office of Management and Budget delineations will receive their last rural adjustment for FY 2018. This is the final year of the three-year phase out of the adjustment for such IRFs.

Facility-Level Adjustments

CMS finalized its proposal to maintain the facility-level adjustment factors at current FY 2014 levels.

IRF QRP UPDATE

Under the IRF QRP, IRFs that do not submit required data to CMS receive a two percent reduction in their annual payment update. To satisfy requirements of the Improving Medicare Post-Acute Care Transformation (IMPACT) Act, CMS is making the following changes to required IRF QRP measures:

- The Percent of Residents or Patients with Pressure Ulcers that are New or Worsened (Short Stay) will be replaced with Changes in Skin Integrity Post-Acute Care: Pressure Ulcer/Injury for FY 2018; and
- The All-Cause Unplanned Readmission Measure for 30 Days Post-Discharge from IRFs will be removed for FY 2019.

CMS also finalized its proposal to publicly display six additional quality measures on the IRF Compare website for CY 2018:

- Percent of Long Term Care Hospital Patients with an Admission and Discharge Functional Assessment and a Care Plan that Addresses Function;
- Percent of Residents Experiencing One or More Falls with Major Injury;
- Medicare Spending Per-Beneficiary;
- Discharge to Community;
- Potentially Preventable 30-Day Post-Discharge Readmission Measure; and
- Potentially Preventable within Stay Readmission Measure.