

Washington Bulletin

Health care legislative and regulatory update



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CMS Issues Proposed FY 2012 IRF PPS Update

The Centers for Medicare and Medicaid Services have issued a proposed notice updating the fiscal year (FY) 2012 inpatient rehabilitation facilities (IRFs) prospective payment system (PPS).

[A copy is available on the *Federal Register* web site.](#) Publication is scheduled for April 29th. The rule provides a 60-day comment period ending June 21st.

CMS is proposing to update the IRF Federal prospective payment rates, to rebase and revise the market basket, to implement refinements to the methodologies for calculating the low income percentage (LIP) adjustment, and to establish a new quality reporting program for IRFs. CMS is also proposing to revise existing regulations text for the purpose of updating and providing greater clarity.

Proposed Rate Changes

CMS would increase the IRF rates by the market basket, now estimated at 2.80 percent; would reduce the increase by the **Affordable Care Act** (ACA) mandated productivity factor, estimated at 1.2 percent; and would reduce the update by a further ACA requirement of 0.1 percent. The effect is an update of 1.5 percent. CMS projects IRF payments would increase \$120 million in FY 2012 compared with FY 2011.

CMS is proposing to revise the IRF market basket components that would change the labor share from 75.271 to **70.334** percent.

Proposed FY 2012 Conversion Factor

The proposed FY 2012 conversion factor would be **\$14,528**, computed as follows.

Calculations to Determine the Proposed FY 2012 Standard Payment Conversion Factor

Explanation for Adjustment		Calculations
Standard Payment Conversion Factor for FY 2011		\$13,860
Payment Update Factor for FY 2012 (1.5 percent), which reflects a 2.8 percent market basket increase, reduced by a 1.2 percentage point productivity adjustment, and reduced by 0.1 percentage point in accordance with sections 1886(j)(3)(C)(ii)(II) and 1886(j)(3)(D)(ii) of the ACA	x	1.015
Budget Neutrality Factor for the Wage Index and Labor-Related Share	x	0.9989
Budget Neutrality Factor for the Revisions to the CMG Relative Weights	x	0.9989
Budget Neutrality Factor for the Update to the Rural Adjustment Factor	x	0.9998

Budget Neutrality Factor for the Update to the LIP Adjustment Factor	x	1.0327
Budget Neutrality Factor for the Update to the Teaching Status Adjustment Factor	x	1.0024
Proposed FY 2012 Standard Payment Conversion Factor	=	\$14,528

Proposed Update to the Case-Mix Group (CMG) Relative Weights and Average Length of Stay Values for FY 2012

CMS calculates a relative weight for each CMG that is proportional to the resources needed by an average inpatient rehabilitation case in that CMG.

The proposed relative weights and average length of stay values are shown in the table below:

Proposed Relative Weights and Average Length of Stay Values for Case-Mix Groups

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
101	Stroke M>51.05	0.7654	0.7177	0.6447	0.6094	10	10	9	8
102	Stroke M>44.45 and M<51.05 and C>18.5	0.9487	0.8896	0.7990	0.7553	12	13	10	10
103	Stroke M>44.45 and M<51.05 and C<18.5	1.1340	1.0633	0.9551	0.9029	14	14	12	12
104	Stroke M>38.85 and M<44.45	1.1790	1.1055	0.9930	0.9387	15	14	13	12
105	Stroke M>34.25 and M<38.85	1.3705	1.285	1.1543	1.0911	16	17	14	14

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
106	Stroke M>30.05 and M<34.25	1.5762	1.4779	1.3275	1.2549	20	18	16	16
107	Stroke M>26.15 and M<30.05	1.7841	1.6729	1.5026	1.4204	20	20	18	18
108	Stroke M<26.15 and A>84.5	2.2109	2.0731	1.8621	1.7603	31	25	23	22
109	Stroke M>22.35 and M<26.15 and A<84.5	2.0470	1.9193	1.7240	1.6297	24	23	20	20
110	Stroke M<22.35 and A<84.5	2.6359	2.4715	2.2200	2.0986	33	29	26	25
201	Traumatic brain injury M>53.35 and C>23.5	0.7564	0.6156	0.5707	0.5179	8	8	7	8
202	Traumatic brain injury M>44.25 and M<53.35 and C>23.5	1.0716	0.8722	0.8085	0.7337	12	12	10	10
203	Traumatic brain injury M>44.25 and C<23.5	1.2095	0.9844	0.9125	0.8282	16	11	13	12

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
204	Traumatic brain injury M>40.65 and M<44.25	1.2732	1.0362	0.9605	0.8717	16	12	12	12
205	Traumatic brain injury M>28.75 and M<40.65	1.6075	1.3083	1.2128	1.1007	18	18	15	14
206	Traumatic brain injury M>22.05 and M<28.75	2.0038	1.6308	1.5117	1.3720	23	19	19	18
207	Traumatic brain injury M<22.05	2.7072	2.2034	2.0425	1.8537	35	27	25	22
301	Non-traumatic brain injury M>41.05	1.0552	0.9514	0.8433	0.7724	12	12	11	10
302	Non-traumatic brain injury M>35.05 and M<41.05	1.3362	1.2049	1.0679	0.9781	12	15	13	13
303	Non-traumatic brain injury M>26.15 and M<35.05	1.5891	1.4329	1.2701	1.1632	21	17	15	14
304	Non-traumatic brain injury M<26.15	2.1985	1.9823	1.757	1.6093	29	23	20	19

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
401	Traumatic spinal cord injury M>48.45	1.0503	0.8733	0.7923	0.6999	15	14	11	10
402	Traumatic spinal cord injury M>30.35 and M<48.45	1.3721	1.1408	1.0351	0.9143	17	14	13	12
403	Traumatic spinal cord injury M>16.05 and M<30.35	2.4551	2.0411	1.852	1.6359	29	26	23	20
404	Traumatic spinal cord injury M<16.05 and A>63.5	4.3686	3.6321	3.2955	2.911	53	39	38	35
405	Traumatic spinal cord injury M<16.05 and A<63.5	3.8362	3.1894	2.8938	2.5562	52	38	36	29
501	Non-traumatic spinal cord injury M>51.35	0.6606	0.6293	0.5616	0.4974	10	10	7	7
502	Non-traumatic spinal cord injury M>40.15 and M<51.35	0.9871	0.9403	0.8391	0.7432	13	13	11	10
503	Non-traumatic spinal cord injury M>31.25	1.2549	1.1954	1.0668	0.9449	16	14	13	12

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
	and M<40.15								
504	Non-traumatic spinal cord injury M>29.25 and M<31.25	1.5175	1.4455	1.2901	1.1426	18	16	16	14
505	Non-traumatic spinal cord injury M>23.75 and M<29.25	1.766	1.6823	1.5013	1.3297	20	21	18	17
506	Non-traumatic spinal cord injury M<23.75	2.4771	2.3597	2.1059	1.8651	33	28	24	23
601	Neurological M>47.75	0.9418	0.7982	0.7277	0.6571	10	11	9	9
602	Neurological M>37.35 and M<47.75	1.2488	1.0584	0.9649	0.8714	12	13	12	11
603	Neurological M>25.85 and M<37.35	1.6123	1.3665	1.2458	1.1250	17	15	14	14
604	Neurological M<25.85	2.1387	1.8126	1.6525	1.4923	23	21	19	18
701	Fracture of lower extremity M>42.15	0.8008	0.7876	0.7576	0.6765	10	12	10	9
702	Fracture of lower extremity M>34.15 and	1.0476	1.0304	0.9912	0.8851	12	13	12	12

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
	M<42.15								
703	Fracture of lower extremity M>28.15 and M<34.15	1.2605	1.2398	1.1926	1.0649	15	15	14	14
704	Fracture of lower extremity M<28.15	1.6299	1.6031	1.5421	1.3770	18	19	18	17
801	Replacement of lower extremity joint M>49.55	0.5585	0.5618	0.5618	0.4879	7	8	7	7
802	Replacement of lower extremity joint M>37.05 and M<49.55	0.7514	0.7559	0.7559	0.6565	8	11	9	9
803	Replacement of lower extremity joint M>28.65 and M<37.05 and A>83.5	1.0356	1.0417	1.0417	0.9048	11	14	13	12
804	Replacement of lower extremity joint M>28.65 and M<37.05 and A<83.5	0.9151	0.9205	0.9205	0.7995	10	12	11	10
805	Replacement of lower extremity joint M>22.05 and M<28.65	1.1274	1.1341	1.1341	0.9850	11	14	13	13

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
806	Replacement of lower extremity joint M<22.05	1.3774	1.3856	1.3856	1.2034	13	18	16	15
901	Other orthopedic M>44.75	0.8645	0.7442	0.6738	0.6105	10	10	9	8
902	Other orthopedic M>34.35 and M<44.75	1.1584	0.9973	0.9029	0.8181	13	13	12	11
903	Other orthopedic M>24.15 and M<34.35	1.4813	1.2752	1.1546	1.0461	16	16	14	13
904	Other orthopedic M<24.15	1.9215	1.6542	1.4977	1.3569	21	20	18	17
1001	Amputation, lower extremity M>47.65	1.0282	0.9092	0.8110	0.7260	13	12	10	10
1002	Amputation, lower extremity M>36.25 and M<47.65	1.3476	1.1916	1.063	0.9515	16	14	13	12
1003	Amputation, lower extremity M<36.25	1.9915	1.7611	1.5709	1.4063	21	21	18	17
1101	Amputation, non-lower	1.0359	1.0359	0.9879	0.9237	11	11	12	11

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
	extremity M>36.35								
1102	Amputation, non-lower extremity M<36.35	1.5462	1.5462	1.4747	1.3787	14	18	16	16
1201	Osteoarthritis M>37.65	0.8086	0.8086	0.8068	0.7644	13	13	11	10
1202	Osteoarthritis M>30.75 and M<37.65	1.0576	1.0576	1.0553	0.9999	16	16	14	13
1203	Osteoarthritis M<30.75	1.2998	1.2998	1.2969	1.2288	13	19	15	15
1301	Rheumatoid, other arthritis M>36.35	0.8929	0.8929	0.8827	0.7872	11	10	11	10
1302	Rheumatoid, other arthritis M>26.15 and M<36.35	1.1777	1.1777	1.1643	1.0383	17	17	14	13
1303	Rheumatoid, other arthritis M<26.15	1.5197	1.5197	1.5025	1.3399	15	19	18	16
1401	Cardiac M>48.85	0.9414	0.7541	0.6671	0.6032	10	10	9	8
1402	Cardiac M>38.55 and M<48.85	1.2639	1.0125	0.8956	0.8098	13	12	11	10

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
1403	Cardiac M>31.15 and M<38.55	1.5236	1.2205	1.0796	0.9762	18	14	13	12
1404	Cardiac M<31.15	1.9752	1.5823	1.3996	1.2655	24	19	16	15
1501	Pulmonary M>49.25	0.9616	0.9031	0.7771	0.7334	10	11	8	9
1502	Pulmonary M>39.05 and M<49.25	1.2069	1.1334	0.9753	0.9205	13	13	11	11
1503	Pulmonary M>29.15 and M<39.05	1.4859	1.3954	1.2007	1.1333	16	16	13	13
1504	Pulmonary M<29.15	1.8826	1.7679	1.5212	1.4358	22	19	17	16
1601	Pain syndrome M>37.15	1.1157	0.8649	0.7697	0.7202	12	12	10	10
1602	Pain syndrome M>26.75 and M<37.15	1.495	1.1589	1.0314	0.9650	19	13	13	13

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
1603	Pain syndrome M<26.75	1.9344	1.4996	1.3345	1.2486	22	18	16	15
1701	Major multiple trauma without brain or spinal cord injury M>39.25	1.0029	0.9213	0.8376	0.7323	10	11	11	10
1702	Major multiple trauma without brain or spinal cord injury M>31.05 and M<39.25	1.3284	1.2204	1.1094	0.9700	13	15	14	13
1703	Major multiple trauma without brain or spinal cord injury M>25.55 and M<31.05	1.568	1.4405	1.3095	1.1449	15	16	15	15
1704	Major multiple trauma without brain or spinal cord injury M<25.55	2.0053	1.8423	1.6748	1.4642	26	22	20	18
1801	Major multiple trauma with brain or spinal cord injury M>40.85	1.1875	0.9426	0.9426	0.8659	14	14	12	11

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
1802	Major multiple trauma with brain or spinal cord injury M>23.05 and M<40.85	1.6397	1.3015	1.3015	1.1956	18	19	15	15
1803	Major multiple trauma with brain or spinal cord injury M<23.05	2.8012	2.2235	2.2235	2.0426	34	32	26	24
1901	Guillain Barre M>35.95	1.1421	0.9069	0.9069	0.8922	13	14	12	12
1902	Guillain Barre M>18.05 and M<35.95	2.1756	1.7276	1.7276	1.6996	22	22	21	21
1903	Guillain Barre M<18.05	3.6633	2.9089	2.9089	2.8618	48	29	35	33
2001	Miscellaneous M>49.15	0.8486	0.7527	0.6748	0.6064	9	10	9	8
2002	Miscellaneous M>38.75 and M<49.15	1.1378	1.0093	0.9048	0.8131	12	12	11	10

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
2003	Miscellaneous M>27.85 and M<38.75	1.4370	1.2747	1.1427	1.0269	15	15	13	13
2004	Miscellaneous M<27.85	1.9261	1.7085	1.5316	1.3764	24	20	18	16
2101	Burns M>0	3.0073	2.5965	2.0197	1.7146	34	23	19	18
5001	Short-stay cases, length of stay is 3 days or fewer				0.1476				3
5101	Expired, orthopedic, length of stay is 13 days or fewer				0.5867				7
5102	Expired, orthopedic, length of stay is 14 days or more				1.4696				18
5103	Expired, not orthopedic, length of stay is 15 days or fewer				0.6951				8

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
5104	Expired, not orthopedic, length of stay is 16 days or more				1.8788				23

Update to the Case-Mix Group (CMG) Relative Weights and Average Length of Stay Values

The proposed unadjusted IRF prospective payment rates for FY 2012 are shown in the table below. That is multiplying the proposed FY 2012 standard payment conversion factor of \$14,528 by the CMG relative weights (above).

Proposed FY 2012 Payment Rates

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
101	\$11,119.73	\$10,426.75	\$9,366.20	\$8,853.36
102	\$13,782.71	\$12,924.11	\$11,607.87	\$10,973.00
103	\$16,474.75	\$15,447.62	\$13,875.69	\$13,117.33
104	\$17,128.51	\$16,060.70	\$14,426.30	\$13,637.43
105	\$19,910.62	\$18,668.48	\$16,769.67	\$15,851.50
106	\$22,899.03	\$21,470.93	\$19,285.92	\$18,231.19
107	\$25,919.40	\$24,303.89	\$21,829.77	\$20,635.57
108	\$32,119.96	\$30,118.00	\$27,052.59	\$25,573.64
109	\$29,738.82	\$27,883.59	\$25,046.27	\$23,676.28
110	\$38,294.36	\$35,905.95	\$32,252.16	\$30,488.46

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
201	\$10,988.98	\$8,943.44	\$8,291.13	\$7,524.05
202	\$15,568.20	\$12,671.32	\$11,745.89	\$10,659.19
203	\$17,571.62	\$14,301.36	\$13,256.80	\$12,032.09
204	\$18,497.05	\$15,053.91	\$13,954.14	\$12,664.06
205	\$23,353.76	\$19,006.98	\$17,619.56	\$15,990.97
206	\$29,111.21	\$23,692.26	\$21,961.98	\$19,932.42
207	\$39,330.20	\$32,011.00	\$29,673.44	\$26,930.55
301	\$15,329.95	\$13,821.94	\$12,251.46	\$11,221.43
302	\$19,412.31	\$17,504.79	\$15,514.45	\$14,209.84
303	\$23,086.44	\$20,817.17	\$18,452.01	\$16,898.97
304	\$31,939.81	\$28,798.85	\$25,525.70	\$23,379.91
401	\$15,258.76	\$12,687.30	\$11,510.53	\$10,168.15
402	\$19,933.87	\$16,573.54	\$15,037.93	\$13,282.95
403	\$35,667.69	\$29,653.10	\$26,905.86	\$23,766.36
404	\$63,467.02	\$52,767.15	\$47,877.02	\$42,291.01
405	\$55,732.31	\$46,335.60	\$42,041.13	\$37,136.47
501	\$9,597.20	\$9,142.47	\$8,158.92	\$7,226.23
502	\$14,340.59	\$13,660.68	\$12,190.44	\$10,797.21
503	\$18,231.19	\$17,366.77	\$15,498.47	\$13,727.51
504	\$22,046.24	\$21,000.22	\$18,742.57	\$16,599.69
505	\$25,656.45	\$24,440.45	\$21,810.89	\$19,317.88
506	\$35,987.31	\$34,281.72	\$30,594.52	\$27,096.17
601	\$13,682.47	\$11,596.25	\$10,572.03	\$9,546.35

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
602	\$18,142.57	\$15,376.44	\$14,018.07	\$12,659.70
603	\$23,423.49	\$19,852.51	\$18,098.98	\$16,344.00
604	\$31,071.03	\$26,333.45	\$24,007.52	\$21,680.13
701	\$11,634.02	\$11,442.25	\$11,006.41	\$9,828.19
702	\$15,219.53	\$14,969.65	\$14,400.15	\$12,858.73
703	\$18,312.54	\$18,011.81	\$17,326.09	\$15,470.87
704	\$23,679.19	\$23,289.84	\$22,403.63	\$20,005.06
801	\$8,113.89	\$8,161.83	\$8,161.83	\$7,088.21
802	\$10,916.34	\$10,981.72	\$10,981.72	\$9,537.63
803	\$15,045.20	\$15,133.82	\$15,133.82	\$13,144.93
804	\$13,294.57	\$13,373.02	\$13,373.02	\$11,615.14
805	\$16,378.87	\$16,476.20	\$16,476.20	\$14,310.08
806	\$20,010.87	\$20,130.00	\$20,130.00	\$17,483.00
901	\$12,559.46	\$10,811.74	\$9,788.97	\$8,869.34
902	\$16,829.24	\$14,488.77	\$13,117.33	\$11,885.36
903	\$21,520.33	\$18,526.11	\$16,774.03	\$15,197.74
904	\$27,915.55	\$24,032.22	\$21,758.59	\$19,713.04
1001	\$14,937.69	\$13,208.86	\$11,782.21	\$10,547.33
1002	\$19,577.93	\$17,311.56	\$15,443.26	\$13,823.39
1003	\$28,932.51	\$25,585.26	\$22,822.04	\$20,430.73
1101	\$15,049.56	\$15,049.56	\$14,352.21	\$13,419.51
1102	\$22,463.19	\$22,463.19	\$21,424.44	\$20,029.75
1201	\$11,747.34	\$11,747.34	\$11,721.19	\$11,105.20

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
1202	\$15,364.81	\$15,364.81	\$15,331.40	\$14,526.55
1203	\$18,883.49	\$18,883.49	\$18,841.36	\$17,852.01
1301	\$12,972.05	\$12,972.05	\$12,823.87	\$11,436.44
1302	\$17,109.63	\$17,109.63	\$16,914.95	\$15,084.42
1303	\$22,078.20	\$22,078.20	\$21,828.32	\$19,466.07
1401	\$13,676.66	\$10,955.56	\$9,691.63	\$8,763.29
1402	\$18,361.94	\$14,709.60	\$13,011.28	\$11,764.77
1403	\$22,134.86	\$17,731.42	\$15,684.43	\$14,182.23
1404	\$28,695.71	\$22,987.65	\$20,333.39	\$18,385.18
1501	\$13,970.12	\$13,120.24	\$11,289.71	\$10,654.84
1502	\$17,533.84	\$16,466.04	\$14,169.16	\$13,373.02
1503	\$21,587.16	\$20,272.37	\$17,443.77	\$16,464.58
1504	\$27,350.41	\$25,684.05	\$22,099.99	\$20,859.30
1601	\$16,208.89	\$12,565.27	\$11,182.20	\$10,463.07
1602	\$21,719.36	\$16,836.50	\$14,984.18	\$14,019.52
1603	\$28,102.96	\$21,786.19	\$19,387.62	\$18,139.66
1701	\$14,570.13	\$13,384.65	\$12,168.65	\$10,638.85
1702	\$19,299.00	\$17,729.97	\$16,117.36	\$14,092.16
1703	\$22,779.90	\$20,927.58	\$19,024.42	\$16,633.11
1704	\$29,133.00	\$26,764.93	\$24,331.49	\$21,271.90
1801	\$17,252.00	\$13,694.09	\$13,694.09	\$12,579.80
1802	\$23,821.56	\$18,908.19	\$18,908.19	\$17,369.68
1803	\$40,695.83	\$32,303.01	\$32,303.01	\$29,674.89

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
1901	\$16,592.43	\$13,175.44	\$13,175.44	\$12,961.88
1902	\$31,607.12	\$25,098.57	\$25,098.57	\$24,691.79
1903	\$53,220.42	\$42,260.50	\$42,260.50	\$41,576.23
2001	\$12,328.46	\$10,935.23	\$9,803.49	\$8,809.78
2002	\$16,529.96	\$14,663.11	\$13,144.93	\$11,812.72
2003	\$20,876.74	\$18,518.84	\$16,601.15	\$14,918.80
2004	\$27,982.38	\$24,821.09	\$22,251.08	\$19,996.34
2101	\$43,690.05	\$37,721.95	\$29,342.20	\$24,909.71
5001				\$2,144.33
5101				\$8,523.58
5102				\$21,345.99
5103				\$10,098.41
5104				\$27,295.21

Area Wage Index

The rule's Table A contains the proposed urban area values and Table B contains the rural area values.

Outliers

CMS estimates that IRF outlier payments as a percentage of total estimated payments are approximately 2.7 percent in FY 2011. CMS proposes to update the outlier threshold amount from \$10,721 to **\$11,822** to maintain estimated outlier payments at approximately 3 percent of total estimated aggregate IRF payments for FY 2012.

Comment

If CMS is currently paying less than the 3.0 percent outlier threshold, why is the threshold increasing for FY 2012? CMS does not explain this.

Proposed Updates to the Policies in 42 CFR 412

CMS proposes "to consolidate, clarify, and revise the regulations for inpatient rehabilitation facilities at §412.23(b), §412.25(b), §412.29, and §412.30 to update and simplify the policies, to eliminate unnecessary

repetition and confusion, and to enhance the consistency with the IRF coverage requirements in §412.622(a)(3), (4), and (5). Since the proposed modifications would eliminate regulations that may no longer be strictly necessary under the IRF PPS, they would enable IRFs to more easily adjust to beneficiary changes in demand for IRF services, which would improve beneficiary access to these services.”

CMS is proposing to revise the requirements for an IRF to be considered “new” to indicate that an IRF can be considered “new” if it has not been paid under the IRF PPS in 42 CFR part 412, subpart P for at least 5 calendar years. These proposed requirements would now apply equally to both rehabilitation hospitals and rehabilitation units of acute care hospitals (or CAHs), and would be located in proposed §412.29(c)(1).

CMS proposes to clarify that a change of ownership (including merger) or leasing in which the new owner(s) do not accept assignment of the previous owner’s provider agreement would be considered a voluntary termination of the provider agreement, and the new owner(s) would need to reapply to the Medicare program as an initial applicant to operate a new IRF.

CMS proposes that IRF beds would be considered “new” if they meet all applicable State Certificate of Need and State licensure laws and if they get written approval from the appropriate CMS regional office (RO).

CMS is proposing to relax the restrictions on a facility’s ability to increase its bed size and square footage. Under the proposed requirements in §412.25, an IRF or IPF could change (either increase or decrease) its bed size or square footage one time at any point in a given cost reporting period as long as it notifies the CMS RO within 30 days of the proposed change and maintains the required documentation.

Quality Reporting for Inpatient Rehabilitation Hospitals

ACA Section 3004(b) requires the Secretary to implement a quality reporting program for IRFs, including freestanding IRF hospitals and IRF units within hospitals beginning in FY 2014. The ACA requires that the Secretary publish the selected measures that will be applicable with respect to FY 2014 no later than October 1, 2012.

CMS is proposing to adopt 2 quality measures for FY 2014. These quality measures are: 1) Urinary Catheter-Associated Urinary Tract Infections (CAUTI), and 2) Pressure Ulcers that are New or Have Worsened. CMS also discuss a third measure that it is currently developing and intends to propose to adopt for FY 2014 in future rulemaking. That measure will be the 30-day Comprehensive All-Cause Risk-Standardized Readmission Measure.

CMS proposes to require that IRFs submit data on the Urinary Catheter-Associated Urinary Tract Infection (CAUTI) measure through the Centers for Disease Control (CDC)/National Healthcare Safety Network (NHSN).

CMS is proposing to collect quality data related to HAI events on all patients regardless of payor.

For purposes of calculating the FY 2014 increase factor CMS proposes to collect data on CAUTI events that occur from October 1, 2012 through December 31, 2012, the final fiscal quarter of FY 2013.

CMS proposes to modify the current IRF-PAI by replacing the current optional pressure ulcer items in the QI section of the IRF-PAI with mandatory pressure ulcer data elements for the proposed measure. CMS proposes for IRFs to submit the data needed to calculate the measure “Percent of Patients with New or Worsened Pressure Ulcers” on all Medicare patients.

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