

# WASHINGTON

## perspectives

***An Analysis and Commentary on Federal Health Care Issues  
by Larry Goldberg***

**July 27, 2022**

### **CMS Finalizes Inpatient Rehabilitation Facility FY 2023 PPS Update**



The Centers for Medicare and Medicaid Services (CMS) have issued a final rule to update the Inpatient Rehabilitation Facility Prospective Payment System (IRF PPS) for FY 2023.

CMS is basically adopting the provisions set forth in the FY 2023 IRF PPS proposed rule specifically CMS is:

- Updating the Case-Mix Group (CMG) relative weights and average length of stay (ALOS) values. (Page 15)
- Updating the IRF PPS payment rates. (Page 15)
- Adopting a permanent cap policy in order to smooth the impact of year-to-year changes in IRF payments related to certain changes to the IRF wage index. (Page 44)
- Calculating the IRF standard payment conversion factor. (Page 51)
- Updating the outlier threshold amount. (Page 57)
- Updating the cost-to-charge ratio (CCR) ceiling and urban/rural average CCRs. (Page 62)
- Codifying existing teaching status adjustment policy and is clarifying and updating the IRF teaching status adjustment policy with respect to IRF hospital closures and displaced residents. (Page 66 and 68)
- Adopting updates to the IRF QRP beginning with FY 2026. (Page 80)

The 150-page document is scheduled for publication in the **Federal Register** on August 1. A copy is currently available at: <https://public-inspection.federalregister.gov/2022-16225.pdf>.

#### **Comment**

Again, this is another rule without any table of contents. We are adding select page numbers of various sections in red.

CMS provides the following cost analysis of the rule.

| Provision Description               | Transfers/Costs  |
|-------------------------------------|--|
| FY 2023 IRF PPS payment rate update | The overall economic impact of this final rule is an estimated \$275 million in increased payments from the Federal Government to IRFs during FY 2023. |
| FY 2026 IRF QRP changes             | The overall economic impact of this final rule is an estimated increase in cost to IRFs of \$31,783,532.15 beginning with FY 2026.                     |

CMS is updating the IRF PPS payment rates by 3.9 percent based on the latest IRF market basket update of 4.2 percent less a 0.3 percentage point productivity adjustment. In addition, the final rule contains an adjustment to the outlier threshold to maintain outlier payments at 3.0 percent of total payments. This adjustment will result in a 0.6 percentage point decrease in outlier payments. CMS estimates that overall IRF payments for FY 2023 will increase by 3.2 percent (or \$275 million) relative to payments in FY 2022.

**Update to the Case-Mix Group (CMG) Relative Weights and Average Length of Stay (ALOS) Values (Page 15)**

The table below contains the "Relative Weights and Average Length of Stay Values for the FY 2023 Case-Mix Groups."

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

| CMG  | CMG Description (M=motor, A=age)                  | Relative Weight |        |        |                     | Average Length of Stay |        |       |                     |
|------|---|-----------------|--------|--------|---------------------|------------------------|--------|-------|---------------------|
|      |   | Tier 1          | Tier 2 | Tier 3 | No Comorbidity Tier | Tier1                  | Tier 2 | Tier3 | No Comorbidity Tier |
| 0101 | Stroke M >=72.50                                  | 0.9925          | 0.8649 | 0.7853 | 0.7448              | 10                     | 10     | 9     | 9                   |
| 0102 | Stroke M >=63.50 and M <72.50                     | 1.2559          | 1.0944 | 0.9937 | 0.9425              | 12                     | 13     | 11    | 11                  |
| 0103 | Stroke M >=50.50 and M <63.50                     | 1.6323          | 1.4224 | 1.2915 | 1.2250              | 14                     | 14     | 14    | 13                  |
| 0104 | Stroke M >=41.50 and M <50.50                     | 2.0872          | 1.8188 | 1.6514 | 1.5663              | 18                     | 18     | 17    | 17                  |
| 0105 | Stroke M <41.50 and A >=84.50                     | 2.5142          | 2.1909 | 1.9892 | 1.8868              | 22                     | 22     | 21    | 20                  |
| 0106 | Stroke M <41.50 and A <84.50                      | 2.8718          | 2.5025 | 2.2721 | 2.1551              | 25                     | 26     | 23    | 23                  |
| 0201 | Traumatic brain injury M >=73.50                  | 1.1217          | 0.9035 | 0.8176 | 0.7686              | 11                     | 10     | 9     | 9                   |
| 0202 | Traumatic brain injury M >=61.50 and M <73.50     | 1.4057          | 1.1322 | 1.0246 | 0.9632              | 12                     | 13     | 11    | 11                  |
| 0203 | Traumatic brain injury M >=49.50 and M <61.50     | 1.7253          | 1.3896 | 1.2576 | 1.1822              | 14                     | 15     | 13    | 13                  |
| 0204 | Traumatic brain injury M >=35.50 and M <49.50     | 2.1294          | 1.7152 | 1.5521 | 1.4591              | 19                     | 18     | 16    | 16                  |
| 0205 | Traumatic brain injury M <35.50                   | 2.7026          | 2.1769 | 1.9700 | 1.8519              | 28                     | 23     | 20    | 18                  |
| 0301 | Non-traumatic brain injury M >=65.50              | 1.1955          | 0.9637 | 0.8933 | 0.8318              | 11                     | 10     | 10    | 9                   |
| 0302 | Non-traumatic brain injury M >=52.50 and M <65.50 | 1.5388          | 1.2405 | 1.1498 | 1.0706              | 13                     | 13     | 12    | 12                  |
| 0303 | Non-traumatic brain injury M >=42.50 and M <52.50 | 1.8519          | 1.4929 | 1.3838 | 1.2885              | 15                     | 15     | 14    | 14                  |
| 0304 | Non-traumatic brain injury M <42.50 and A >=78.50 | 2.1553          | 1.7374 | 1.6105 | 1.4996              | 19                     | 18     | 16    | 15                  |
| 0305 | Non-traumatic brain injury M <42.50 and A <78.50  | 2.3509          | 1.8951 | 1.7566 | 1.6356              | 20                     | 19     | 17    | 17                  |
| 0401 | Traumatic spinal cord injury M >=56.50            | 1.3242          | 1.1007 | 1.0447 | 0.9608              | 12                     | 11     | 12    | 11                  |

| CMG  | CMG Description<br>(M=motor, A=age)                               | Relative Weight |        |        |                     | Average Length of Stay |        |       |                     |
|------|---|-----------------|--------|--------|---------------------|------------------------|--------|-------|---------------------|
|      |   | Tier 1          | Tier 2 | Tier 3 | No Comorbidity Tier | Tier1                  | Tier 2 | Tier3 | No Comorbidity Tier |
| 0402 | Traumatic spinal cord injury M >=47.50 and M <56.50               | 1.6965          | 1.4102 | 1.3384 | 1.2310              | 17                     | 15     | 15    | 14                  |
| 0403 | Traumatic spinal cord injury M >=41.50 and M <47.50               | 2.0935          | 1.7402 | 1.6516 | 1.5190              | 17                     | 19     | 17    | 17                  |
| 0404 | Traumatic spinal cord injury M <31.50 and A <61.50                | 3.1513          | 2.6195 | 2.4861 | 2.2865              | 22                     | 27     | 26    | 23                  |
| 0405 | Traumatic spinal cord injury M >=31.50 and M <41.50               | 2.6020          | 2.1629 | 2.0527 | 1.8879              | 23                     | 23     | 22    | 20                  |
| 0406 | Traumatic spinal cord injury M >=24.50 and M <31.50 and A >=61.50 | 3.3965          | 2.8233 | 2.6796 | 2.4644              | 24                     | 29     | 25    | 27                  |
| 0407 | Traumatic spinal cord injury M <24.50 and A >=61.50               | 4.2745          | 3.5532 | 3.3722 | 3.1015              | 47                     | 36     | 33    | 32                  |
| 0501 | Non-traumatic spinal cord injury M >=60.50                        | 1.2461          | 0.9814 | 0.9275 | 0.8607              | 11                     | 11     | 10    | 10                  |
| 0502 | Non-traumatic spinal cord injury M >=53.50 and M <60.50           | 1.5477          | 1.2189 | 1.1519 | 1.0690              | 16                     | 13     | 12    | 12                  |
| 0503 | Non-traumatic spinal cord injury M >=48.50 and M <53.50           | 1.7797          | 1.4016 | 1.3246 | 1.2293              | 15                     | 14     | 14    | 14                  |
| 0504 | Non-traumatic spinal cord injury M >=39.50 and M <48.50           | 2.1604          | 1.7014 | 1.6080 | 1.4922              | 19                     | 18     | 17    | 16                  |
| 0505 | Non-traumatic spinal cord injury M <39.50                         | 2.9682          | 2.3376 | 2.2093 | 2.0502              | 26                     | 24     | 22    | 21                  |
| 0601 | Neurological M >=64.50  | 1.3436          | 1.0050 | 0.9520 | 0.8493              | 11                     | 10     | 10    | 9                   |
| 0602 | Neurological M >=52.50 and M <64.50                               | 1.6782          | 1.2553 | 1.1891 | 1.0608              | 13                     | 13     | 12    | 12                  |
| 0603 | Neurological M >=43.50 and M <52.50                               | 2.0025          | 1.4979 | 1.4189 | 1.2658              | 16                     | 15     | 14    | 13                  |
| 0604 | Neurological M <43.50   | 2.4840          | 1.8580 | 1.7601 | 1.5701              | 20                     | 18     | 17    | 16                  |
| 0701 | Fracture of lower extremity M >=61.50                             | 1.2419          | 0.9629 | 0.9196 | 0.8518              | 11                     | 11     | 10    | 10                  |
| 0702 | Fracture of lower extremity M >=52.50 and M <61.50                | 1.5281          | 1.1848 | 1.1316 | 1.0482              | 13                     | 13     | 12    | 12                  |
| 0703 | Fracture of lower extremity M >=41.50 and M <52.50                | 1.9017          | 1.4745 | 1.4083 | 1.3044              | 16                     | 15     | 15    | 14                  |
| 0704 | Fracture of lower extremity M <41.50                              | 2.2895          | 1.7752 | 1.6954 | 1.5705              | 19                     | 18     | 17    | 16                  |
| 0801 | Replacement of lower-extremity joint M >=63.50                    | 1.1274          | 0.9637 | 0.8723 | 0.7995              | 10                     | 10     | 9     | 9                   |
| 0802 | Replacement of lower-extremity joint M >=57.50 and M <63.50       | 1.2971          | 1.1089 | 1.0036 | 0.9199              | 11                     | 11     | 10    | 10                  |
| 0803 | Replacement of lower-extremity joint M >=51.50 and M <57.50       | 1.4301          | 1.2225 | 1.1065 | 1.0142              | 12                     | 13     | 12    | 11                  |
| 0804 | Replacement of lower-extremity joint M >=42.50 and M <51.50       | 1.6393          | 1.4014 | 1.2684 | 1.1626              | 14                     | 14     | 13    | 12                  |
| 0805 | Replacement of lower-extremity joint M <42.50                     | 1.9629          | 1.6780 | 1.5188 | 1.3921              | 16                     | 16     | 15    | 14                  |
| 0901 | Other orthopedic M >=63.50  | 1.2029          | 0.9634 | 0.8941 | 0.8244              | 11                     | 11     | 10    | 9                   |
| 0902 | Other orthopedic M >=51.50 and M <63.50                           | 1.5195          | 1.2170 | 1.1294 | 1.0414              | 13                     | 13     | 12    | 11                  |

| CMG  | CMG Description<br>(M=motor, A=age)                                 | Relative Weight |        |        |                     | Average Length of Stay |        |       |                     |
|------|---|-----------------|--------|--------|---------------------|------------------------|--------|-------|---------------------|
|      |   | Tier 1          | Tier 2 | Tier 3 | No Comorbidity Tier | Tier1                  | Tier 2 | Tier3 | No Comorbidity Tier |
| 0903 | Other orthopedic M >=44.50 and M <51.50                             | 1.8043          | 1.4451 | 1.3410 | 1.2366              | 15                     | 15     | 14    | 13                  |
| 0904 | Other orthopedic M <44.5  | 2.1091          | 1.6892 | 1.5676 | 1.4455              | 17                     | 17     | 16    | 15                  |
| 1001 | Amputation lower extremity M >=64.50                                | 1.2252          | 1.0648 | 0.9244 | 0.8491              | 11                     | 12     | 10    | 10                  |
| 1002 | Amputation lower extremity M >=55.50 and M <64.50                   | 1.5216          | 1.3224 | 1.1480 | 1.0545              | 14                     | 13     | 12    | 12                  |
| 1003 | Amputation lower extremity M >=47.50 and M <55.50                   | 1.7963          | 1.5612 | 1.3553 | 1.2449              | 15                     | 16     | 14    | 14                  |
| 1004 | Amputation lower extremity M <47.50                                 | 2.2536          | 1.9586 | 1.7004 | 1.5619              | 18                     | 20     | 17    | 16                  |
| 1101 | Amputation non-lower extremity M >=58.50                            | 1.3533          | 1.3533 | 1.0009 | 0.8003              | 13                     | 13     | 11    | 11                  |
| 1102 | Amputation non-lower extremity M >=52.50 and M <58.50               | 1.6448          | 1.6448 | 1.2166 | 0.9727              | 13                     | 15     | 13    | 12                  |
| 1103 | Amputation non-lower extremity M <52.50                             | 2.1759          | 2.1759 | 1.6094 | 1.2867              | 19                     | 17     | 16    | 14                  |
| 1201 | Osteoarthritis M >=61.50  | 1.3114          | 1.0425 | 0.9332 | 0.8328              | 10                     | 10     | 11    | 9                   |
| 1202 | Osteoarthritis M >=49.50 and M <61.50                               | 1.7077          | 1.3576 | 1.2152 | 1.0845              | 14                     | 13     | 12    | 12                  |
| 1203 | Osteoarthritis M <49.50 and A >=74.50                               | 2.1007          | 1.6700 | 1.4949 | 1.3341              | 16                     | 15     | 15    | 14                  |
| 1204 | Osteoarthritis M <49.50 and A <74.50                                | 2.1645          | 1.7207 | 1.5403 | 1.3746              | 16                     | 15     | 16    | 16                  |
| 1301 | Rheumatoid other arthritis M >=62.50                                | 1.2007          | 0.9365 | 0.8637 | 0.8566              | 9                      | 9      | 9     | 9                   |
| 1302 | Rheumatoid other arthritis M >=51.50 and M <62.50                   | 1.6006          | 1.2485 | 1.1514 | 1.1420              | 12                     | 12     | 12    | 12                  |
| 1303 | Rheumatoid other arthritis M >=44.50 and M <51.50 and A >=64.50     | 1.8725          | 1.4605 | 1.3469 | 1.3359              | 14                     | 14     | 14    | 14                  |
| 1304 | Rheumatoid other arthritis M <44.50 and A >=64.50                   | 2.2966          | 1.7913 | 1.6520 | 1.6385              | 15                     | 17     | 17    | 16                  |
| 1305 | Rheumatoid other arthritis M <51.50 and A <64.50                    | 2.1197          | 1.6533 | 1.5248 | 1.5123              | 16                     | 15     | 15    | 16                  |
| 1401 | Cardiac M >=68.50   | 1.1393          | 0.8998 | 0.8290 | 0.7582              | 10                     | 10     | 9     | 9                   |
| 1402 | Cardiac M >=55.50 and M <68.50                                      | 1.4523          | 1.1470 | 1.0567 | 0.9665              | 13                     | 12     | 11    | 11                  |
| 1403 | Cardiac M >=45.50 and M <55.50                                      | 1.7605          | 1.3904 | 1.2810 | 1.1716              | 15                     | 14     | 13    | 13                  |
| 1404 | Cardiac M <45.50  | 2.1566          | 1.7033 | 1.5692 | 1.4352              | 18                     | 17     | 16    | 14                  |
| 1501 | Pulmonary M >=68.50   | 1.3155          | 1.0243 | 0.9755 | 0.9466              | 11                     | 10     | 10    | 10                  |
| 1502 | Pulmonary M >=56.50 and M <68.50                                    | 1.6084          | 1.2523 | 1.1927 | 1.1573              | 13                     | 12     | 12    | 12                  |
| 1503 | Pulmonary M >=45.50 and M <56.50                                    | 1.8745          | 1.4595 | 1.3901 | 1.3488              | 16                     | 14     | 13    | 13                  |
| 1504 | Pulmonary M <45.50  | 2.2355          | 1.7406 | 1.6577 | 1.6086              | 21                     | 17     | 16    | 15                  |
| 1601 | Pain syndrome M >=65.50   | 1.1407          | 0.8832 | 0.8583 | 0.7881              | 9                      | 10     | 10    | 9                   |
| 1602 | Pain syndrome M >=58.50 and M <65.50                                | 1.3373          | 1.0355 | 1.0063 | 0.9240              | 10                     | 11     | 11    | 10                  |
| 1603 | Pain syndrome M >=43.50 and M <58.50                                | 1.6174          | 1.2524 | 1.2171 | 1.1176              | 14                     | 13     | 13    | 13                  |
| 1604 | Pain syndrome M <43.50  | 2.0019          | 1.5501 | 1.5064 | 1.3832              | 12                     | 14     | 16    | 14                  |
| 1701 | Major multiple trauma without brain or spinal cord injury M >=57.50 | 1.3034          | 1.0269 | 0.9630 | 0.8772              | 11                     | 10     | 11    | 10                  |

| CMG  | CMG Description<br>(M=motor, A=age)  | Relative Weight |        |        |                     | Average Length of Stay |        |       |                     |
|------|--|-----------------|--------|--------|---------------------|------------------------|--------|-------|---------------------|
|      |  | Tier 1          | Tier 2 | Tier 3 | No Comorbidity Tier | Tier1                  | Tier 2 | Tier3 | No Comorbidity Tier |
| 1702 | Major multiple trauma without brain or spinal cord injury M >=50.50 and M <57.50 | 1.6229          | 1.2787 | 1.1991 | 1.0922              | 13                     | 14     | 12    | 12                  |
| 1703 | Major multiple trauma without brain or spinal cord injury M >=41.50 and M <50.50 | 1.9150          | 1.5088 | 1.4149 | 1.2888              | 16                     | 15     | 15    | 14                  |
| 1704 | Major multiple trauma without brain or spinal cord injury M >=36.50 and M <41.50 | 2.1702          | 1.7098 | 1.6034 | 1.4605              | 17                     | 18     | 17    | 15                  |
| 1705 | Major multiple trauma without brain or spinal cord injury M <36.50               | 2.4824          | 1.9558 | 1.8340 | 1.6706              | 23                     | 20     | 19    | 17                  |
| 1801 | Major multiple trauma with brain or spinal cord injury M >=67.50                 | 1.2241          | 0.9642 | 0.9021 | 0.8340              | 13                     | 11     | 10    | 10                  |
| 1802 | Major multiple trauma with brain or spinal cord injury M >=55.50 and M <67.50    | 1.4660          | 1.1547 | 1.0803 | 0.9988              | 15                     | 13     | 12    | 12                  |
| 1803 | Major multiple trauma with brain or spinal cord injury M >=45.50 and M <55.50    | 1.8362          | 1.4463 | 1.3531 | 1.2510              | 17                     | 16     | 15    | 14                  |
| 1804 | Major multiple trauma with brain or spinal cord injury M >=40.50 and M <45.50    | 2.1281          | 1.6762 | 1.5683 | 1.4499              | 18                     | 17     | 16    | 15                  |
| 1805 | Major multiple trauma with brain or spinal cord injury M >=30.50 and M <40.50    | 2.5312          | 1.9937 | 1.8653 | 1.7246              | 22                     | 22     | 19    | 18                  |
| 1806 | Major multiple trauma with brain or spinal cord injury M <30.50                  | 3.4695          | 2.7327 | 2.5567 | 2.3638              | 38                     | 27     | 24    | 24                  |
| 1901 | Guillain-Barré M >=66.50   | 1.1282          | 1.0290 | 0.9875 | 0.9349              | 11                     | 13     | 12    | 10                  |
| 1902 | Guillain-Barré M >=51.50 and M <66.50  | 1.4132          | 1.2890 | 1.2370 | 1.1711              | 14                     | 13     | 14    | 13                  |
| 1903 | Guillain-Barré M >=38.50 and M <51.50  | 2.0853          | 1.9021 | 1.8253 | 1.7280              | 19                     | 20     | 18    | 19                  |
| 1904 | Guillain-Barré M <38.50  | 3.2177          | 2.9350 | 2.8165 | 2.6664              | 32                     | 31     | 28    | 26                  |
| 2001 | Miscellaneous M >=66.50  | 1.2001          | 0.9695 | 0.8919 | 0.8116              | 10                     | 10     | 10    | 9                   |
| 2002 | Miscellaneous M >=55.50 and M <66.50   | 1.4871          | 1.2014 | 1.1052 | 1.0057              | 13                     | 12     | 12    | 11                  |
| 2003 | Miscellaneous M >=46.50 and M <55.50   | 1.7674          | 1.4278 | 1.3135 | 1.1952              | 15                     | 14     | 14    | 13                  |
| 2004 | Miscellaneous M <46.50 and A >=77.50   | 2.0792          | 1.6797 | 1.5452 | 1.4061              | 18                     | 17     | 16    | 15                  |
| 2005 | Miscellaneous M <46.50 and A <77.50  | 2.2277          | 1.7996 | 1.6555 | 1.5065              | 19                     | 18     | 16    | 15                  |
| 2101 | Burns M >=52.50  | 1.5468          | 1.1616 | 1.1017 | 1.0436              | 14                     | 13     | 12    | 11                  |
| 2102 | Burns M <52.50   | 2.3998          | 1.8022 | 1.7092 | 1.6191              | 27                     | 18     | 16    | 16                  |
| 5001 | Short-stay cases, length of stay is 3 days or fewer                              |                 |        |        | 0.1703              |                        |        |       | 3                   |

| CMG  | CMG Description<br>(M=motor, A=age)                         | Relative Weight |        |        |                     | Average Length of Stay |        |       |                     |
|------|---|-----------------|--------|--------|---------------------|------------------------|--------|-------|---------------------|
|      |   | Tier 1          | Tier 2 | Tier 3 | No Comorbidity Tier | Tier1                  | Tier 2 | Tier3 | No Comorbidity Tier |
| 5101 | Expired, orthopedic, length of stay is 13 days or fewer     |                 |        |        | 0.7376              |                        |        |       | 8                   |
| 5102 | Expired, orthopedic, length of stay is 14 days or more      |                 |        |        | 1.8932              |                        |        |       | 17                  |
| 5103 | Expired, not orthopedic, length of stay is 15 days or fewer |                 |        |        | 0.8919              |                        |        |       | 9                   |
| 5104 | Expired, not orthopedic, length of stay is 16 days or more  |                 |        |        | 2.2656              |                        |        |       | 21                  |

**FY 2023 IRF PPS Payment Update (Page 25)**

CMS now estimates that the IRF FY 2023 market basket update is 4.2 percent. Based on the more recent data available from IGI’s second quarter 2022 forecast, the current estimate of the productivity adjustment for FY 2023 is 0.3 percentage point. Therefore, the current estimate of the FY 2023 IRF productivity-adjusted market basket increase factor is equal to **3.9 percent** (4.2 percent market basket update reduced by 0.3 percentage point productivity adjustment) (compared to the 2.8 percent that was proposed).

**Labor-Related Share for FY 2023 (Page 36)**

For FY 2023, the labor-related share will be **72.9 percent**, unchanged from the current amount.

**Wage Adjustment for FY 2023 (Page 39)**

The wage index tables are available on the CMS website at: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/InpatientRehabFacPPS/IRF-Rules-and-Related-Files.html>.

CMS is adopting its proposal that an IRF’s wage index for FY 2023 would not be less than 95 percent of its final wage index for FY 2022, regardless of whether the IRF is part of an updated CBSA, and that for subsequent years, a provider’s wage index would not be less than 95 percent of its wage index calculated in the prior FY. This cap is effective October 1, 2022 and is not being applied retrospectively.

**Description of the IRF Standard Payment Conversion Factor and Payment Rates for FY 2023 (Page 51)**

**Calculations to Determine the FY 2023 Standard Payment Conversion Factor**

| Explanation for Adjustment  | Calculations     |
|---|------------------|
| Standard Payment Conversion Factor for FY 2022  | \$17,240         |
| Market Basket Increase Factor for FY 2023 (4.2 percent), reduced by 0.3 percentage point for the productivity adjustment as required by section 1886(j)(3)(C)(ii)(I) of the Act | x1.039           |
| Budget Neutrality Factor for the Updates to the Wage Index and Labor-Related Share  | x1.0002          |
| Budget Neutrality Factor for the Revisions to the CMG Relative Weights  | x0.9979          |
| <b>FY 2023 Standard Payment Conversion Factor</b>   | <b>=\$17,878</b> |

**FY 2023 Payment Rates**

| <b>CMG</b> | <b>Payment Rate Tier 1</b> | <b>Payment Rate Tier 2</b> | <b>Payment Rate Tier 3</b> | <b>Payment Rate No Comorbidity</b> |
|------------|----------------------------|----------------------------|----------------------------|------------------------------------|
| 0101       | \$ 17,743.92               | \$ 15,462.68               | \$ 14,039.59               | \$ 13,315.53                       |
| 0102       | \$ 22,452.98               | \$ 19,565.68               | \$ 17,765.37               | \$ 16,850.02                       |
| 0103       | \$ 29,182.26               | \$ 25,429.67               | \$ 23,089.44               | \$ 21,900.55                       |
| 0104       | \$ 37,314.96               | \$ 32,516.51               | \$ 29,523.73               | \$ 28,002.31                       |
| 0105       | \$ 44,948.87               | \$ 39,168.91               | \$ 35,562.92               | \$ 33,732.21                       |
| 0106       | \$ 51,342.04               | \$ 44,739.70               | \$ 40,620.60               | \$ 38,528.88                       |
| 0201       | \$ 20,053.75               | \$ 16,152.77               | \$ 14,617.05               | \$ 13,741.03                       |
| 0202       | \$ 25,131.10               | \$ 20,241.47               | \$ 18,317.80               | \$ 17,220.09                       |
| 0203       | \$ 30,844.91               | \$ 24,843.27               | \$ 22,483.37               | \$ 21,135.37                       |
| 0204       | \$ 38,069.41               | \$ 30,664.35               | \$ 27,748.44               | \$ 26,085.79                       |
| 0205       | \$ 48,317.08               | \$ 38,918.62               | \$ 35,219.66               | \$ 33,108.27                       |
| 0301       | \$ 21,373.15               | \$ 17,229.03               | \$ 15,970.42               | \$ 14,870.92                       |
| 0302       | \$ 27,510.67               | \$ 22,177.66               | \$ 20,556.12               | \$ 19,140.19                       |
| 0303       | \$ 33,108.27               | \$ 26,690.07               | \$ 24,739.58               | \$ 23,035.80                       |
| 0304       | \$ 38,532.45               | \$ 31,061.24               | \$ 28,792.52               | \$ 26,809.85                       |
| 0305       | \$ 42,029.39               | \$ 33,880.60               | \$ 31,404.49               | \$ 29,241.26                       |
| 0401       | \$ 23,674.05               | \$ 19,678.31               | \$ 18,677.15               | \$ 17,177.18                       |
| 0402       | \$ 30,330.03               | \$ 25,211.56               | \$ 23,927.92               | \$ 22,007.82                       |
| 0403       | \$ 37,427.59               | \$ 31,111.30               | \$ 29,527.30               | \$ 27,156.68                       |
| 0404       | \$ 56,338.94               | \$ 46,831.42               | \$ 44,446.50               | \$ 40,878.05                       |
| 0405       | \$ 46,518.56               | \$ 38,668.33               | \$ 36,698.17               | \$ 33,751.88                       |
| 0406       | \$ 60,722.63               | \$ 50,474.96               | \$ 47,905.89               | \$ 44,058.54                       |
| 0407       | \$ 76,419.51               | \$ 63,524.11               | \$ 60,288.19               | \$ 55,448.62                       |
| 0501       | \$ 22,277.78               | \$ 17,545.47               | \$ 16,581.85               | \$ 15,387.59                       |
| 0502       | \$ 27,669.78               | \$ 21,791.49               | \$ 20,593.67               | \$ 19,111.58                       |
| 0503       | \$ 31,817.48               | \$ 25,057.80               | \$ 23,681.20               | \$ 21,977.43                       |
| 0504       | \$ 38,623.63               | \$ 30,417.63               | \$ 28,747.82               | \$ 26,677.55                       |
| 0505       | \$ 53,065.48               | \$ 41,791.61               | \$ 39,497.87               | \$ 36,653.48                       |
| 0601       | \$ 24,020.88               | \$ 17,967.39               | \$ 17,019.86               | \$ 15,183.79                       |
| 0602       | \$ 30,002.86               | \$ 22,442.25               | \$ 21,258.73               | \$ 18,964.98                       |
| 0603       | \$ 35,800.70               | \$ 26,779.46               | \$ 25,367.09               | \$ 22,629.97                       |
| 0604       | \$ 44,408.95               | \$ 33,217.32               | \$ 31,467.07               | \$ 28,070.25                       |
| 0701       | \$ 22,202.69               | \$ 17,214.73               | \$ 16,440.61               | \$ 15,228.48                       |
| 0702       | \$ 27,319.37               | \$ 21,181.85               | \$ 20,230.74               | \$ 18,739.72                       |
| 0703       | \$ 33,998.59               | \$ 26,361.11               | \$ 25,177.59               | \$ 23,320.06                       |
| 0704       | \$ 40,931.68               | \$ 31,737.03               | \$ 30,310.36               | \$ 28,077.40                       |
| 0801       | \$ 20,155.66               | \$ 17,229.03               | \$ 15,594.98               | \$ 14,293.46                       |
| 0802       | \$ 23,189.55               | \$ 19,824.91               | \$ 17,942.36               | \$ 16,445.97                       |
| 0803       | \$ 25,567.33               | \$ 21,855.86               | \$ 19,782.01               | \$ 18,131.87                       |
| 0804       | \$ 29,307.41               | \$ 25,054.23               | \$ 22,676.46               | \$ 20,784.96                       |
| 0805       | \$ 35,092.73               | \$ 29,999.28               | \$ 27,153.11               | \$ 24,887.96                       |
| 0901       | \$ 21,505.45               | \$ 17,223.67               | \$ 15,984.72               | \$ 14,738.62                       |

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| CMG  | Payment Rate Tier 1 | Payment Rate Tier 2 | Payment Rate Tier 3 | Payment Rate No Comorbidity |
|------|---------------------|---------------------|---------------------|-----------------------------|
| 0902 | \$ 27,165.62        | \$ 21,757.53        | \$ 20,191.41        | \$ 18,618.15                |
| 0903 | \$ 32,257.28        | \$ 25,835.50        | \$ 23,974.40        | \$ 22,107.93                |
| 0904 | \$ 37,706.49        | \$ 30,199.52        | \$ 28,025.55        | \$ 25,842.65                |
| 1001 | \$ 21,904.13        | \$ 19,036.49        | \$ 16,526.42        | \$ 15,180.21                |
| 1002 | \$ 27,203.16        | \$ 23,641.87        | \$ 20,523.94        | \$ 18,852.35                |
| 1003 | \$ 32,114.25        | \$ 27,911.13        | \$ 24,230.05        | \$ 22,256.32                |
| 1004 | \$ 40,289.86        | \$ 35,015.85        | \$ 30,399.75        | \$ 27,923.65                |
| 1101 | \$ 24,194.30        | \$ 24,194.30        | \$ 17,894.09        | \$ 14,307.76                |
| 1102 | \$ 29,405.73        | \$ 29,405.73        | \$ 21,750.37        | \$ 17,389.93                |
| 1103 | \$ 38,900.74        | \$ 38,900.74        | \$ 28,772.85        | \$ 23,003.62                |
| 1201 | \$ 23,445.21        | \$ 18,637.82        | \$ 16,683.75        | \$ 14,888.80                |
| 1202 | \$ 30,530.26        | \$ 24,271.17        | \$ 21,725.35        | \$ 19,388.69                |
| 1203 | \$ 37,556.31        | \$ 29,856.26        | \$ 26,725.82        | \$ 23,851.04                |
| 1204 | \$ 38,696.93        | \$ 30,762.67        | \$ 27,537.48        | \$ 24,575.10                |
| 1301 | \$ 21,466.11        | \$ 16,742.75        | \$ 15,441.23        | \$ 15,314.29                |
| 1302 | \$ 28,615.53        | \$ 22,320.68        | \$ 20,584.73        | \$ 20,416.68                |
| 1303 | \$ 33,476.56        | \$ 26,110.82        | \$ 24,079.88        | \$ 23,883.22                |
| 1304 | \$ 41,058.61        | \$ 32,024.86        | \$ 29,534.46        | \$ 29,293.10                |
| 1305 | \$ 37,896.00        | \$ 29,557.70        | \$ 27,260.37        | \$ 27,036.90                |
| 1401 | \$ 20,368.41        | \$ 16,086.62        | \$ 14,820.86        | \$ 13,555.10                |
| 1402 | \$ 25,964.22        | \$ 20,506.07        | \$ 18,891.68        | \$ 17,279.09                |
| 1403 | \$ 31,474.22        | \$ 24,857.57        | \$ 22,901.72        | \$ 20,945.86                |
| 1404 | \$ 38,555.69        | \$ 30,451.60        | \$ 28,054.16        | \$ 25,658.51                |
| 1501 | \$ 23,518.51        | \$ 18,312.44        | \$ 17,439.99        | \$ 16,923.31                |
| 1502 | \$ 28,754.98        | \$ 22,388.62        | \$ 21,323.09        | \$ 20,690.21                |
| 1503 | \$ 33,512.31        | \$ 26,092.94        | \$ 24,852.21        | \$ 24,113.85                |
| 1504 | \$ 39,966.27        | \$ 31,118.45        | \$ 29,636.36        | \$ 28,758.55                |
| 1601 | \$ 20,393.43        | \$ 15,789.85        | \$ 15,344.69        | \$ 14,089.65                |
| 1602 | \$ 23,908.25        | \$ 18,512.67        | \$ 17,990.63        | \$ 16,519.27                |
| 1603 | \$ 28,915.88        | \$ 22,390.41        | \$ 21,759.31        | \$ 19,980.45                |
| 1604 | \$ 35,789.97        | \$ 27,712.69        | \$ 26,931.42        | \$ 24,728.85                |
| 1701 | \$ 23,302.19        | \$ 18,358.92        | \$ 17,216.51        | \$ 15,682.58                |
| 1702 | \$ 29,014.21        | \$ 22,860.60        | \$ 21,437.51        | \$ 19,526.35                |
| 1703 | \$ 34,236.37        | \$ 26,974.33        | \$ 25,295.58        | \$ 23,041.17                |
| 1704 | \$ 38,798.84        | \$ 30,567.80        | \$ 28,665.59        | \$ 26,110.82                |
| 1705 | \$ 44,380.35        | \$ 34,965.79        | \$ 32,788.25        | \$ 29,866.99                |
| 1801 | \$ 21,884.46        | \$ 17,237.97        | \$ 16,127.74        | \$ 14,910.25                |
| 1802 | \$ 26,209.15        | \$ 20,643.73        | \$ 19,313.60        | \$ 17,856.55                |
| 1803 | \$ 32,827.58        | \$ 25,856.95        | \$ 24,190.72        | \$ 22,365.38                |
| 1804 | \$ 38,046.17        | \$ 29,967.10        | \$ 28,038.07        | \$ 25,921.31                |
| 1805 | \$ 45,252.79        | \$ 35,643.37        | \$ 33,347.83        | \$ 30,832.40                |
| 1806 | \$ 62,027.72        | \$ 48,855.21        | \$ 45,708.68        | \$ 42,260.02                |
| 1901 | \$ 20,169.96        | \$ 18,396.46        | \$ 17,654.53        | \$ 16,714.14                |
| 1902 | \$ 25,265.19        | \$ 23,044.74        | \$ 22,115.09        | \$ 20,936.93                |

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| CMG  | Payment Rate Tier 1 | Payment Rate Tier 2 | Payment Rate Tier 3 | Payment Rate No Comorbidity |
|------|---------------------|---------------------|---------------------|-----------------------------|
| 1903 | \$ 37,280.99        | \$ 34,005.74        | \$ 32,632.71        | \$ 30,893.18                |
| 1904 | \$ 57,526.04        | \$ 52,471.93        | \$ 50,353.39        | \$ 47,669.90                |
| 2001 | \$ 21,455.39        | \$ 17,332.72        | \$ 15,945.39        | \$ 14,509.78                |
| 2002 | \$ 26,586.37        | \$ 21,478.63        | \$ 19,758.77        | \$ 17,979.90                |
| 2003 | \$ 31,597.58        | \$ 25,526.21        | \$ 23,482.75        | \$ 21,367.79                |
| 2004 | \$ 37,171.94        | \$ 30,029.68        | \$ 27,625.09        | \$ 25,138.26                |
| 2005 | \$ 39,826.82        | \$ 32,173.25        | \$ 29,597.03        | \$ 26,933.21                |
| 2101 | \$ 27,653.69        | \$ 20,767.08        | \$ 19,696.19        | \$ 18,657.48                |
| 2102 | \$ 42,903.62        | \$ 32,219.73        | \$ 30,557.08        | \$ 28,946.27                |
| 5001 | \$ -                | \$ -                | \$ -                | \$ 3,044.62                 |
| 5101 | \$ -                | \$ -                | \$ -                | \$ 13,186.81                |
| 5102 | \$ -                | \$ -                | \$ -                | \$ 33,846.63                |
| 5103 | \$ -                | \$ -                | \$ -                | \$ 15,945.39                |
| 5104 | \$ -                | \$ -                | \$ -                | \$ 40,504.40                |

**Update to Payments for High-Cost Outliers under the IRF PPS (Page 57)**

CMS estimates that IRF outlier payments as a percentage of total estimated payments will be approximately 3.6 percent in FY 2022. Therefore, CMS is updating the outlier threshold amount from \$9,491 for FY 2022 to **\$12,526** to maintain estimated outlier payments at approximately 3.0 percent of total estimated aggregate IRF payments for FY 2023.

**Inpatient Rehabilitation Facility (IRF) Quality Reporting Program (QRP) (Page 80)**

The IRF QRP currently has 18 measures for the FY 2023 program year, which are set out in the table below.

**Quality Measures Currently Adopted for the FY 2023 IRF QRP**

| Short Name                               | Measure Name & Data Source   |
|--|--|
| <b>IRF-PAI Assessment-Based Measures</b> |  |
| Pressure Ulcer/Injury                    | Changes in Skin Integrity Post-Acute Care: Pressure Ulcer/Injury.  |
| Application of Falls                     | Application of Percent of Residents Experiencing One or More Falls with Major Injury (Long Stay).  |
| Application of Functional Assessment     | Application of Percent of Long-Term Care Hospital (LTCH) Patients with an Admission and Discharge Functional Assessment and a Care Plan That Addresses Function (NQF #2631). |
| Change in Mobility                       | IRF Functional Outcome Measure: Change in Mobility Score for Medical Rehabilitation Patients (NQF #2634).  |
| Discharge Mobility Score                 | IRF Functional Outcome Measure: Discharge Mobility Score for Medical Rehabilitation Patients (NQF #2636).  |
| Change in Self-Care                      | IRF Functional Outcome Measure: Change in Self-Care Score for Medical Rehabilitation Patients (NQF #2633).   |
| Discharge Self-Care Score                | IRF Functional Outcome Measure: Discharge Self-Care Score for Medical Rehabilitation Patients (NQF #2635).   |
| DRR                                      | Drug Regimen Review Conducted With Follow-Up for Identified Issues–Post Acute Care (PAC) Inpatient Rehabilitation Facility (IRF) Quality Reporting Program (QRP).            |

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| Short Name            | Measure Name & Data Source  |
|-----------------------|---|
| TOH-Provider          | Transfer of Health Information to the Provider–Post-Acute Care (PAC).   |
| TOH-Patient           | Transfer of Health Information to the Patient Post-Acute Care (PAC).  |
| <b>NHSN</b>           |   |
| CAUTI                 | National Healthcare Safety Network (NHSN) Catheter-Associated Urinary Tract Infection Outcome Measure (NQF #0138).  |
| CDI                   | National Healthcare Safety Network (NHSN Facility-wide Inpatient Hospital-onset <i>Clostridium difficile</i> Infection (CDI) Outcome Measure (NQF #1717). |
| HCP Influenza Vaccine | Influenza Vaccination Coverage among Healthcare Personnel (NQF #0431).  |
| HCP COVID-19 Vaccine  | COVID-19 Vaccination Coverage among Healthcare Personnel (HCP)  |
| <b>Claims-Based</b>   |   |
| MSPB IRF              | Medicare Spending Per Beneficiary (MSPB)–Post Acute Care (PAC) IRF QRP(NQF #3561).  |
| DTC                   | Discharge to Community–PAC IRF QRP (NQF #3479).   |
| PPR 30 day            | Potentially Preventable 30-Day Post-Discharge Readmission Measure for IRFQRP.   |
| PPR Within Stay       | Potentially Preventable Within Stay Readmission Measure for IRFs.   |

**Comment**

There were no proposal measures for the IRF QRP for FY 2023.

**Quality Data Reporting on all IRF Patients (Page 118)**

CMS is finalizing its proposal to begin collection of IRF-PAI assessment on each patient receiving care in an IRF, regardless of payer. In the proposed rule, CMS proposed that this collection would begin with the FY 2025 IRF QRP, meaning that IRFs would be required to report these data with respect to admission and discharge of all patients, regardless of payer, discharged between October 1, 2023 and December 31, 2023.

CMS is finalizing this policy to begin with the FY 2026 IRF QRP in order to give IRFs more time to prepare for the new data collection. IRFs will be required to report these data with respect to admission and discharge for all patients, regardless of payer, discharged between October 1, 2024 and December 31, 2024.