



Overview of the Key Provisions of FY 2021 IPPS Final Rule

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BACKGROUND/OVERVIEW – IPPS FINAL RULE

COST REPORTS UNDER THE COVID-19 PUBLIC HEALTH EMERGENCY

Background – 2021 IPPS Final Rule

- *Federal Register* dated Monday, September 18, 2020 (Vol 85, Number 182)
- Effective for discharges occurring on or after October 1, 2020
- Disproportionate Share/Uncompensated Care Pool
- Post Acute Care MS-DRG Changes
- Federal Payment Rates/Market Basket Increase

Background – 2021 IPPS Final Rule

- Cost Reporting Issues – COVID-19
- “Market-based” Relative Weights

Overview of FY 2021 IPPS Final Rule

- I. Executive Summary and Background – IPPS (85 FR 58434)
- II. Changes to Medicare Severity DRGs, Classification and Relative Weights (85 FR 58443)
- III. Changes to Hospital Wage Index (85 FR 58742)

Overview of FY 2021 IPPS Final Rule

IV. Other Decisions and Changes to the IPPS for Operating Cost (85 FR 58793)

- A. Changes to MS-DRGs Subject to Post-Acute Care Transfer and Special Payment Policies (85 FR 58793)
- B. Changes in the Hospital Update for FY 2020 (85 FR 58796)
- C. Amendment to Address Short Cost Reporting Periods During Applicable Timeframe for Establishment of Service Area for Sole Community Hospitals (85 FR 58799)
- D. Rural Referral Centers Annual Update to Case-Mix Index (85 FR 58799)
- E. Payment Adjustment for Low Volume Hospitals (85 FR 58801)
- F. Indirect Medical Education (85 FR 58803)
- G. Payment Adjustment for Medicare Disproportionate Share (85 FR 58804)

Overview of FY 2021 IPPS Final Rule

IV. Other Decisions and Changes to the IPPS for Operating Cost

- H. Payment for Allogeneic Hematopoietic Stem Cell Acquisition Cost (85 FR 58835)
- I. Payment Adjustment for CAR T-cell Clinical Trial Cases (85 FR 58842)
- J. Changes for Hospitals With High Percentage of End Stage Renal Disease (ESRD) Discharges (85 FR 58844)
- K. Hospital Readmission Reduction Program Updates and Changes (85 FR 58844)
- L. Hospital Value-Based Purchasing: Policy Changes (85 FR 58847)
- M. Hospital-Acquired Condition Reduction Program (85 FR 58860)
- N. Payment for Indirect and Graduate Medical Education (85 FR 58865)
- O. Rural Community Hospital Demonstration Program (85 FR 58870)

Overview of FY 2021 IPPS Final Rule

- IV. Other Decisions and Changes to the IPPS for Operating Cost
 - P. Market Based MS-DRG Relative Weight Data Collection and Potential Change in Methodology for Calculating MS-DRG Relative Weights (85 FR 58873)

Overview of FY 2021 IPPS Final Rule

- V. Changes to IPPS for Capital-Related Cost (85 FR 58892)
- VI. Changes for Hospitals Excluded from the IPPS (85 FR 58893)
- VII. Changes to the Long-Term Care Hospital Prospective Payment System (85 FR 58896)
- VIII. Quality Data Reporting Requirements for Specific Providers and Suppliers (85 FR 58926)

Overview of FY 2021 IPPS Final Rule

- IX. MedPAC Recommendations (85 FR 59006)
- X. Other Required Information (85 FR 59006)

MS-DRGS - CHANGES TO DRG CLASSIFICATIONS AND RELATIVE WEIGHTS

MS-DRGs - Overview

- Changes to MS-DRG Classifications and Relative Weights
 - A. Background (85 FR 58443)
 - B. MS-DRG Reclassifications (85 FR 58443)
 - C. FY 2020 Documentation and Coding Case-Mix Adjustment (85 FR 58443)
 - D. Changes to Specific MS-DRG Classifications (85 FR 58445)
 - E. Recalibration of FY 2021 MS-DRG Relative Weights (85 FR 58596)
 - F. Add-on Payments for New Services and Technology (85 FR 58602)

MS-DRGs – Overview

- DRG Refinements
 - Re-assignment of procedure codes resulting in the revision of certain DRGs and creation of several new DRGs
 - Weights based on FY 2018 MedPAR cost/claims data for discharges occurring through September 30, 2018
 - Continued refinements of relative weights
 - Finalized the adoption of a “market-based” MS-DRG relative weight methodology for FFY 2024

MS-DRGs – Overview

- Cost Reporting Changes
- “Market Based” MS-DRG Relative Weights (85 FR 58873)
 - Effective for cost reporting periods ending on or after 1/1/2021
 - CMS finalized that hospitals are to report on the Medicare cost report the median payer-specific negotiated charge the hospital has established with Medicare Advantage organizations by MS-DRG
 - CMS has not finalized the proposal that hospitals report the median-specific negotiated charge for all third-party payers by MS-DRG and the collection of the alternative median negotiated reimbursement amounts
 - Moving toward the adoption of “Market-based” relative weights for FFY 2024.

MS-DRGs – Overview

- Cost Reporting Changes
 - Uncertain if there will be a transition from “Cost-based” relative weights to “Market-based
 - Since CMS is not implementing the relative weight calculations until FY 2024 there is time for them to evaluate the data received on the FY 2021 and later cost reports to determine if it reasonably reflects the resource consumption by DRG
 - Additional comment periods will be provided with future rule making

MS-DRGs – Overview

- Cost Reporting Changes
 - Many comments in the current rule opposed to the reporting of median negotiated charge
 - Confidentiality issues
 - Fail to reflect new technology
 - Negotiating position
 - Relevance to “market-based” goal – Not related to consumer choice
 - Burden of collecting data
 - Contracting anomalies
 - Constitutional and Antitrust Issues
 - Compels speech in violation of the First Amendment
 - IME and Disproportionate Share Payments – Not addressed by CMS
 - Cost report changes have not been specified
 - Where and how to be reported on the cost report?
 - Volume by payer? – CMS is proposing transfer adjusted cases
 - Audit/Documentation requirements

MS-DRGs – Overview

Medicare Advantage Plans

"Median Negotiated Payer-Specific Charge"

AVERAGE					
<u>DRG</u>	<u>Plan 1</u>	<u>Plan 2</u>	<u>Plan 3</u>	<u>Plan 4</u>	<u>Plan 5</u>
XX1	\$9,300	\$8,900	\$8,300	\$9,200	\$9,200
Average	<u>\$8,980</u>				
MEDIAN (ODD # OF PLANS)					
<u>DRG</u>	<u>Plan 3</u>	<u>Plan 2</u>	<u>Plan 4</u>	<u>Plan 5</u>	<u>Plan 1</u>
XX1	\$8,300	\$8,900	\$9,200	\$9,200	\$9,300
Median	<u>\$9,200</u>				
MEDIAN (EVEN # OF PLANS)					
<u>DRG</u>	<u>Plan 3</u>	<u>Plan 2</u>	<u>Plan 4</u>	<u>Plan 1</u>	
XX1	\$8,300	\$8,900	\$9,200	\$9,300	
Median	<u>\$9,050</u>				

MS-DRGs – Overview

- CMS – “Market-based” relative weight computation
 - **STEP 1** – Standardize the median MA organization payer-specific negotiated charge for each MS-DRG
 - Remove differences in area wage levels
 - Remove cost-of-living adjustments (Hawaii and Alaska)
 - **STEP 2** – Create a single weighted average standardized median payer-specific charge for each MS-DRG across Hospitals
 - Based on the hospital’s transfer adjusted case counts
 - Same case counts for current relative weight calculation
 - **STEP 3** - Create a single national weighted average standardized payer-specific negotiated charge across all MS-DRGs
 - Based on the national transfer adjusted case counts

MS-DRGs – Overview

- CMS – “Market-based” relative weight computation
 - **STEP 4** – Calculate the “market-based” relative weights
 - Weighted average for each MS-DRG divided by the median average for all DRGs
 - **STEP 5** – Normalize the “market-based” relative weights
 - Run estimates using the current relative weights and the “market-based” relative weights
 - Adjust so that payments using the “market-based” weights do not exceed the payments using the current relative weights
 - **CMS is open to comments**
 - Method of calculating the relative weights
 - Transition period

MS-DRGs - Overview

- Documentation and Coding (D&C) Case Mix Adjustments (85 FR 58443)
 - FY 2021 Positive Adjustment 0.5%
 - FY 2020 Positive Adjustment 0.5%
 - FY 2019 Positive Adjustment 0.5%
 - FY 2018 Positive Adjustment 0.4588%
 - Positive adjustments expected to continue until FY 2023
 - Hospitals will not recoup full amount of excess reductions
 - Shortfall of .7%
 - Many hospitals have appealed FY 2018, 2019 & 2020 final rules
 - Group and Individual Appeals
 - Consider appealing FY 2021 final rule
 - Add protested amount to FY 2020 cost report (Worksheet E, Part A)

New Technology Additions and Deletions

- ICD-10 Code Additions
 - Vaping-Related Disorder (85 FR 58555)
 - COVID 19

New Technology Additions and Deletions

- Changes for Hospitals With High Percentage of End Stage Renal Disease (ESRD) Discharges (85 FR 58844)
 - Creation of new MS–DRGs 019, 650 and 651 which describe the performance of hemodialysis in an admission where the patient received a either a simultaneous pancreas/kidney transplant or a kidney transplant.)

New Technology Additions and Deletions

- New Technology Changes (85 FR 58602)
 - 24 technologies are eligible to receive add-on payments for FFY 2021
 - Increased from 18 in FFY 2020

CHANGES TO THE HOSPITAL WAGE INDEX

Changes to the Hospital Wage Index

- Wage Index Disparities (85 FR 58742)
 - Increase the wage index for hospitals with a wage value below the 25th percentile
 - 25th percentile wage index for all hospitals = .8465
 - Increase = half of the difference between wage value at the 25th percentile and the wage value for the hospital
 - Effective for at least four years
 - Budget neutrality achieved by adjusting the standardized rate and not decreasing the wage index for hospitals in the 75th percentile
 - 5% cap on all decreases in the wage index compared to FY 2020. This is the final year of the two-year transition.

Changes to the Hospital Wage Index

- National Average Hourly Wage
 - FY 2021
 - Unadjusted AHW = \$45.27
 - Occ Mix Adjusted = \$45.23
 - FY 2020
 - Unadjusted AHW = \$44.19
 - Occ Mix Adjusted = \$44.15
 - Increase in AHW = 2.44%

Changes to the Hospital Wage Index

FY 2021 WAGE INDEX TIMETABLE

Actions	Deadlines
Posting of Preliminary PUF on CMS Website.....	May 18, 2020
Deadline for Hospitals to Request Revisions to Preliminary PUF and Deadline for the Submission of CY 2019 Occupational Mix Data.....	September 3, 2020
Release of Preliminary CY 2019 Occupational Mix Survey Data.....	September 8, 2020
Deadline for Hospitals to Request Revisions to Preliminary Occ Mix PUF (TWO DAYS).....	September 10, 2020
Deadline for MACs to Complete Desk Review.....	November 16, 2020
Posting of January PUF on CMS Web site.....	January 29, 2021
Deadline Following Posting of January PUF for Hospitals to Request Revisions.....	February 16, 2021
Completion of Appeals by MACS and Transmission of Final Wage Data to CMS.....	March 19, 2021
Deadline for Hospitals to Appeal in April.....	April 2, 2021
Posting of Final PUF.....	April 30, 2021
Deadline for Hospitals to Submit Corrections/Appeal in May.....	May 28, 2021
Expected Issuance of IPPS Final Rule.....	August 1, 2021

OTHER DECISIONS AND CHANGES

Other Decisions and Changes

- Indirect Medical Education (85 FR 58803)
 - No changes have been made in the IME calculation for FY 2021
 - The formula multiplier continues to be 1.35 and is set by statute

Other Decisions and Changes

- Direct and Indirect Medical Education (85 FR 58865)
 - Residency Program or Teaching Hospital Closure
 - Key date would be the day that the hospital closure or that a hospital is closing a residency program was publicly announced
 - Hospital taking on displaced residents must apply for a temporary increase in their cap
 - Letter to the MAC must be sent within 60 days of beginning the training of the displaced residents
 - If closing hospital was over their cap, cap slots transferred to the hospital accepting the displaced residents may be less than the number of R&I being displaced

Other Decisions and Changes

- Payment for Allogeneic Hematopoietic Stem Cell Acquisition (85 FR 58835)
 - Addition of line 77 on Worksheet A
 - New Worksheet D-4 similar to other organ acquisition worksheets

Other Decisions and Changes

- Disproportionate Share/UCP Calculation
 - Current split of payment for disproportionate share hospitals continues
 - 25% Original DSH Calculation
 - 75% Uncompensated Care Pool

Other Decisions and Changes

- Uncompensated Care Pool (UCP) – FY 2021 Final Rule (85 FR 58805)
 - **Factor 3**
 - For Fiscal Year 2020, 2021 and forward, CMS continues the use of data from **Worksheet S-10** to determine the distribution of the uncompensated care pool
 - Worksheet S-10 Line 30 (Sum of cost of charity care, non-Medicare bad debt and non-reimbursable Medicare bad debt)
 - Novitas will be conducting audits for all hospitals
 - **Calculation to include FY 2017 only**

Other Decisions and Changes

- Disproportionate Share/UCC Pool Calculation
 - Adjustments to the Empirically Justified and Uncompensated Care Pools for 2021
 - DSH Pool - \$15,170,673,473 (Old formula estimate)
 - UCC Pool portion - \$11,378,005,107 (DSH Pool x 75%)
 - DSH Portion - \$3,792,668,369
 - Budget neutrality adjustments applied to Federal Rates

Other Decisions and Changes

- DSH/UCP – Sample Factor 1

Factor 1 Empirically Justified Payment		
Using Current DSH Formula:	FY 2021	FY 2020
DSH payment	\$15,170,673,476	\$16,583,455,657
	25%	25%
Empirically justified DSH	3,792,668,369	4,145,863,914
Funds available for uncompensated care	\$11,378,005,107	\$12,437,591,743

Other Decisions and Changes

- UCP – Sample Factor 2

Factor 2					
Reduction to Account for Uninsured - FY 2021					
CY 2020 Rate of insurance coverage	89.70%	(CBO Revised from 90%)			
CY 2021 Rate of insurance coverage	89.80%				
FY 2020 weighted rate of uninsurance coverage	10.30%	X	25%	=	2.58%
	10.20%	X	75%	=	7.65%
FY 2021 weighted rate of uninsurance coverage					<u>10.23%</u>
2013 Percentage of individuals without insurance	14.00%	(CBO Estimate was 14% in PY)			
2020 Percentage of individuals without insurance	10.23%	(1 minus 2010 weighted rate)			
Beginning factor of 1	100.00%				
2020/2021 w/o percentage w/o insurance	10.20%				
2013 w/o percentage w/o insurance	<u>14.00%</u>				
Difference	-3.80%				
Divided by 2013 w/o percentage w/o insurance	<u>14.00%</u>	-27.14%			
Factor 2 - Reduction for uninsured		<u>72.86%</u>			

Other Decisions and Changes

- UCP – Sample Calculation – Final Pool Amount

FY 2021 Uncompensated Care Pool		
	<u>FY 2021</u>	<u>FY 2020</u>
Funds available for uncompensated care (Factor 1)	\$11,378,005,107	\$12,437,591,743
Adjustment for change in uninsured (Factor 2)	<u>72.86%</u>	<u>67.14%</u>
Net funds available for uncompensated care	<u><u>8,290,014,521</u></u>	<u><u>8,350,599,096</u></u>

Other Decisions and Changes

- UCP – Sample Factor 3

Factor 3 Allocation to Hospital

FY 2020 Final Rule: Implementation of Section 3133 of the Affordable Care Act - Medicare DSH - Supplemental Data											
PROV	Medicaid Days		SSI Days		Uncompensated Care Costs		Factor 3		Total Uncompensated Care Amount		
	2017	2018	2017	2018	2015	2016	2017	2018	2017	2018	2019
Medicare CCN	Projected to Receive DSH in FY 2021	IHS or PP	Rural Community Hospital Demonstration	New Hospital	Medicaid Days (Annualized)	Length of 2013 Reporting Period	2018 SSI Days	2017 UCC (Annualized)	Length of 2017 Reporting Period	Factor 3	Total Uncompensated Care Payment
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
390xxx	YES	NO	NO	NO	18,256	365	6,275	\$19,348,020.00	365	0.000595181	\$4,934,062.51

FY 2017		
Medicare		
Cost Report	Factor 3	
<u>UCC Cost</u>	<u>Denominator</u>	<u>Factor 3</u>
<u>\$19,348,020.00</u>	<u>\$32,025,108,455.00</u>	<u>0.000604152</u>

Scaling Factor	0.98515242600
Factor 3	0.000595181

Total funds available for uncompensated care	\$8,290,014,521.00
Total Uncompensated Care Amount	<u>\$4,934,062.44</u>

Other Decisions and Changes

- UCP– Data Adjustments
 - CMS has applied a scaling factor of 0.985152426 to ensure that total uncompensated care costs match the FY 2021 amount of \$8,290,014,521.

COVID-19 Cost Reporting Issues

- CMS issued an update to COVID-19 Frequently Asked Questions related to numerous topics
- Responses specific to cost reporting included:
 - Will CMS delay the filing deadline for cost reports impacted during the COVID-19 Pandemic?

Cost Reporting Period	Initial Due Date	Extended Due Date	Revised Due Date
10/31/2019	03/31/2020	06/60/2020	
11/30/2019	04/30/2020	06/30/2020	
12/31/2019	05/31/2020	07/31/2020	08/31/2020
01/31/2020	06/30/2020	08/31/2020	
02/29/2020	07/31/2020	09/30/2020	

- Nothing mentioned about 06/30/2020 FYEs

COVID-19 Cost Reporting Issues

- How will the Provider Relief Fund (PRF) payments be reported on the Medicare cost report in terms of revenue?
- All Providers must report PRF payments
 - Hospitals, form CMS-2552-10, Worksheet G-3, line 24.50
 - Skilled Nursing Facility, form CMS-2540-10, Worksheet G-3, line 24.50
 - HHA, form CMS-1728-94, Worksheet F-1, line 31.50
 - Hospice, form CMS-1984-14, Worksheet F-2, Col 3, line 16.50
 - ESRD, form CMS-265-11, Worksheet F-1, line 31.50
 - FQHC, form CMS-224-14, Worksheet F-1, line 28.50
 - CMCH, form CMS-2088-17, Worksheet F, line 20.50
- Cost Report software not yet updated

COVID-19 Cost Reporting Issues

- How will the Small Business Administration (SBA) Loan Forgiveness amounts be reported on the cost report?
- Forgiveness of the loan or any portion thereof reported the same as PRF
 - Hospitals, form CMS-2552-10, Worksheet G-3, line 24.50
 - Skilled Nursing Facility, form CMS-2540-10, Worksheet G-3, line 24.50
 - HHA, form CMS-1728-94, Worksheet F-1, line 31.50
 - Hospice, form CMS-1984-14, Worksheet F-2, Col 3, line 16.50
 - ESRD, form CMS-265-11, Worksheet F-1, line 31.50
 - FQHC, form CMS-224-14, Worksheet F-1, line 28.50
 - CMCH, form CMS-2088-17, Worksheet F, line 20.50

COVID-19 Cost Reporting Issues

- Should PRF payments offset expenses on the Medicare cost report
 - No
 - Providers should not adjust the expenses on the Medicare cost report based on PRF payments received.
 - Providers must adhere to HRSA's guidance regarding the appropriate uses of the PRF payments

COVID-19 Cost Reporting Issues

- Should SBA loan forgiveness amounts offset expenses on the Medicare cost report
 - No
 - Providers should not adjust the expenses on the Medicare cost report based on SBA payments received.

COVID-19 Cost Reporting Issues

- Should hospitals report charges reimbursed through the PRF Uninsured Program on Worksheet S-10
 - No
 - Providers must not report these charges on Worksheet S-10 of the Medicare cost report.

COVID-19 Cost Reporting Issues

- Should PRF payment amounts for lost revenue not directly attributable to patient-specific claims be used to offset expenses on the Medicare cost report
 - No
 - PRF payment amounts that are not attributable to patient-specific claims and are not PRF payment amounts from the uninsured program, should not be used to offset expenses.

COVID-19 Cost Reporting Issues

- Can the “employer’s share of Social Security tax”, that the hospital elected to defer in accordance with section 2302 of the Corona Aid, Relief, and Economic Security Act, as an accrued liability in the year the cost were incurred be included on the cost report?
 - Yes
 - Amount should be paid within 1 year but these will not meet that timeline
 - 3-year extension can be granted for good cause
 - MACs may grant extensions for good cause for COVID-19 related deferrals

COVID-19 Cost Reporting Issues

- HFMA – Cost Reporting Technical Issues to be addressed by CMS
- Letter to CMS August 5, 2020
 - Resident counts for Indirect Medical Education (IME) and Direct Graduate Medical Education (DGME)
 - No guidance on the impact of the resident count on the rolling average
 - Beds added to treat COVID-19 cases will not count in bed days available (Frozen at pre COVID-19 count)
 - Medicare ratio for DGME payment calculation
 - Reductions in Medicare and Medicare Advantage will impact the apportionment of DGME
 - No guidance issued by CMS
 - Medicaid and Supplemental Security Income (SSI) volumes for DSH-eligible Hospitals
 - Significant reductions in utilization will skew the Medicare ratio
 - Regional volume changes will alter the proportional allocation of uncompensated care using Factor 3
 - Reductions may result in loss of 340B
 - Can unpaid COVID-19 related claims be included as charity care
 - CMS needs to decide how to treat these anomalies

COVID-19 Cost Reporting Issues

- HFMA – Cost Reporting Technical Issues to be addressed by CMS
 - Ratio of cost to charges
 - Because of rapid and abnormal changes in both the numerator and denominator it is recommended that CMS:
 - » Should not use the RCC to determine Relative Weights, calculate payments and reconcile outliers
 - » Consider using an alternative RCC for organ acquisition cost payments, critical access hospitals and any other RCC dependent calculations

COVID-19 Cost Reporting Issues

- HFMA – Cost Reporting Technical Issues to be addressed by CMS
 - Worksheet A-8 treatment of COVID-19 expenses
 - CMS - no Worksheet A-8 adjustment is necessary
 - Worksheet A-8 treatment of Payment Protection Program (PPP) loan forgiveness
 - CMS needs to decide if the PPP funds are to be treated as grants and,
 - Should any portion of the amount forgiven be offset against allowable cost
 - If the amount forgiven is not a grant, when is the amount considered forgiven?
 - » After the provider has satisfied the conditions for the loan to be forgiven or,
 - » After the provider receives confirmation from the SBA that a portion has been forgiven
 - Medicare Accelerated Payment Program cost report treatment – Worksheet A-8
 - Amounts paid back related to the loan by offsetting claims for services provided
 - HFMA position is that claims should be reported on the cost report and the MACs issue a “zero-pay” remittance

COVID-19 Cost Reporting Issues

- HFMA – Cost Reporting Technical Issues to be addressed by CMS
 - Rural Health Clinic productivity standards
 - Telehealth visits cannot be included in the visit count on the Medicare cost report
 - This will significantly impact the RHC's all inclusive rate resulting in financial harm
 - Medicare transplant volumes and survival rates – conditions of participation
 - CMS needs to modify portions of the CoP related to programs that are found to be out of compliance with either the clinical experience or outcome requirements based on transplants performed during the public health emergency
 - Worksheet G-3
 - HFMA is asking that CMS add an additional line for the reporting of various grants and loan forgiveness situations

COVID-19 Cost Reporting Issues

– Other Cost Reporting Issues

- Wage Index
 - No specific changes published on Wage Index
- Expenses vs. Revenue
- Self insurance benefits
- Track additional cost/contracts closely
- Reporting COVID-19 cost on Worksheet A and C
 - Matching cost and charges
 - Developing A-6 reclass
- Impact of utilization changes
 - DSH
 - 340B Eligibility
 - DGME
 - NAHE
 - Organ Acquisition

COVID-19 Cost Reporting Issues

– Other Cost Reporting Issues

- Bad Debt – Bi-weekly payments
 - Payments based on prior year bad debt
 - Medicare volume reductions will reduce FY 2020 reimbursable bad debt
 - Review to determine the extent of the settlement impact
- Direct Medical Education
 - Same concerns as bad debt

Other Decisions and Changes

- Readmission Reduction Program (85 FR 58844)
 - FY 2021:
 - Automatically adopt applicable periods (performance periods for measures used in the Program)
 - Currently:
 - FY 2021 = 3-year time period of July 1, 2016 through June 30, 2019
 - FY 2022 = 3-year time period of July 1, 2017 through June 30, 2020
 - Going forward 1-year added to the previous years time period
 - FY 2023 = 3-year time period of July 1, 2018 through June 30, 2021
 - FY 2024 = 3-year time period of July 1, 2019 through June 30, 2022
 - This pattern will continue into future periods

Preventable Hospital-Acquired Conditions

- Preventable Hospital-Acquired Conditions (85 FR 58847)
 - Automatically adopt applicable periods (performance periods for measures used in the Program)
 - Establish applicable period for FY 2023
 - Make refinements to the process for validation of HAC Reduction Program measure data in alignment with the Hospital IQR Program measure validation policies

Other Decisions and Changes

- Value-Based Purchasing (VBP) (85 FR 58860)
 - FY 2021
 - No new measures proposed for FY 2021

Other Decisions and Changes

- Post Acute Care Transfer MS-DRG Changes (85 FR 58793)
 - Reassign procedure codes from MS-DRG 16 (Autologous Bone Marrow Transplant with CC/MCC or T-Cell Immunotherapy) to create new MS-DRG18 (Chimeric Antigen Receptor [CAR] T-Cell Immunotherapy)
 - Create New MS-DRG 19 (Simultaneous Pancreas and Kidney Transplant with Hemodialysis)
 - Reassign procedures involving head, face, neck, ear, nose, mouth or throat by creating six new MS-DRGs
 - Reassign procedure codes from MS-DRGs 469-470 (Major Hip and Knee Joint Replacement) and create two new MS-DRGs 521 and 522 (Hip replacement with Principal Diagnosis of Hip Fracture with MCC and without MCC)
 - Reassign procedure codes from MS-DRG 652 (Kidney Transplant) into two new MS-DRGs 650 and 651 (Kidney Transplant with Hemodialysis with MCC and without MCC, respectively)

CHANGES TO IPPS FOR CAPITAL-RELATED COST

Capital PPS Payments

- Payment Rate, outlier budget neutrality adjustment only (85 FR 58892)

QUALITY DATA REPORTING REQUIREMENTS

Quality Data Reporting Requirements

- Inpatient Quality Reporting (IQR) (85 FR 58926)
 - Continued refinement of policies and criteria

BACKGROUND PAYMENT RATES AND OTHER CHANGES

MS-DRGs - Overview

- Market Basket Update
 - FY 2021 Update equals 2.4% (subject to documentation and coding, productivity, budget neutrality and Affordable Care Act and other adjustments)
 - FY 2020 - 3.0%
 - FY 2019 - 2.9%
 - FY 2018 - 2.7%
 - FY 2017 - 2.7%
 - FY 2016 - 2.4%
 - FY 2015 - 2.9%
 - FY 2014 - 2.7%
 - FY 2013 - 2.6%
 - FY 2012 - 3.0%
 - FY 2011 - 2.6%

Hospital Market Basket

- Productivity Adjustment
 - Affordable Care Act mandate
 - Equal to the 10-year moving average of changes in economy-wide, private nonfarm business multifactor productivity (MFP)
 - As projected by the Secretary for the 10-year period ending with the applicable fiscal year, calendar year, cost reporting period, or other annual period
 - Adjustment is - 0.0% (no change from 0.0% in FY 2020)

Hospital Market Basket

- Hospitals submitting quality data and Meaningful User (MU):
 - Market basket increase is 2.4%
 - Productivity Adjustment reduction of 0.0 %
- Hospitals that are not a MU but submitted quality data:
 - 1.8 percentage point reduction to net market basket
 - Net market basket is 0.6% (2.4 – 1.8)
- Hospitals that did not submit quality data but are MUs:
 - 0.6 percentage point reduction to net market basket
 - Net market basket is 1.8% (2.4 – 0.6)
- Hospitals that are not a MU and did not submit quality data:
 - 2.4 percentage point reduction to net market basket
 - Net market basket is 0.0% (2.4 – 1.8 – .6)

Labor/Non-labor Components

- Unchanged from prior year
- Hospitals with wage index greater than 1.0
 - Labor component – 68.3%
 - Non-labor component – 31.7%
- Hospitals with wage index less than or equal to 1.0
 - Labor component – 62.0%
 - Non-labor component – 38.0%

Table of FY 2021 Payment Rates

FY 2021 FR Tables 1A-1E

TABLE 1A. FINAL RULE NATIONAL ADJUSTED OPERATING STANDARDIZED AMOUNTS; LABOR/NONLABOR (68.3 PERCENT LABOR SHARE/31.7 PERCENT NONLABOR SHARE IF WAGE INDEX GREATER THAN 1)

Hospital Submitted Quality Data and is a Meaningful EHR User (Update = 2.4 Percent)		Hospital Submitted Quality Data and is NOT a Meaningful EHR User (Update = 0.6 Percent)		Hospital Did NOT Submit Quality Data and is a Meaningful EHR User (Update = 1.8 Percent)		Hospital Did NOT Submit Quality Data and is NOT a Meaningful EHR User (Update = 0 Percent)	
Labor-related	Nonlabor-related	Labor-related	Nonlabor-related	Labor-related	Nonlabor-related	Labor-related	Nonlabor-related
\$4,071.49	\$1,889.70	\$3,999.92	\$1,856.48	\$4,047.63	\$1,878.63	\$3,976.06	\$1,845.41

TABLE 1B. FINAL RULE NATIONAL ADJUSTED OPERATING STANDARDIZED AMOUNTS, LABOR/NONLABOR (62 PERCENT LABOR SHARE/38 PERCENT NONLABOR SHARE IF WAGE INDEX LESS THAN OR EQUAL TO 1)

Hospital Submitted Quality Data and is a Meaningful EHR User (Update = 2.4 Percent)		Hospital Submitted Quality Data and is NOT a Meaningful EHR User (Update = 0.6 Percent)		Hospital Did NOT Submit Quality Data and is a Meaningful EHR User (Update = 1.8 Percent)		Hospital Did NOT Submit Quality Data and is NOT a Meaningful EHR User (Update = 0 Percent)	
Labor-related	Nonlabor-related	Labor-related	Nonlabor-related	Labor-related	Nonlabor-related	Labor-related	Nonlabor-related
\$3,695.94	\$2,265.25	\$3,630.97	\$2,225.43	\$3,674.28	\$2,251.98	\$3,609.31	\$2,212.16

Budget Neutrality Factors

FY 2020 and 2021 Standardized Amounts

- Numerous budget neutrality factors impacting the payment rate
- Table included in the regulations shows application of the various payment rate reductions

Changes from FY 2020 to the 2021 Standardized Amounts

FY 2021 Federal Rate Reconciliation
Budget Neutrality Adjustments
Removal of Prior Year Adjustment Factors
To Compute FY 2020 Base

	Adjustment Factor	Labor Rate	Adjustment Factor	Non-Labor Rate
FY 2020 Final Rate at 68.3%/31.7% Split		\$3,959.10		\$1,837.53
MS-DRG Recalibration	1	3,959.10	1	1,837.53
Geo Recalssification Budget Neutrality	0.985425	4,017.66	0.985425	1,864.71
Lowest Quartile Budget Neutrality	0.997987	4,025.76	0.997987	1,868.47
Transition Budget Neutrality	0.998838	4,030.44	0.998838	1,870.64
Operating Outliers	0.949	4,247.04	0.949	1,971.17
Rural Demo Budget Neutrality	0.999771	4,248.01	0.999771	1,971.62
Rounding Error		(0.06)		(0.03)
FY 2020 Base Rate		<u>\$4,247.95</u>		<u>\$1,971.59</u>

Net Budget Neutrality Adjustments -7.30%

Changes from FY 2020 to the 2021 Standardized Amounts

FY 2021 Federal Rate Reconciliation
Budget Neutrality Adjustments
Current Year Adjustment Factors
To Compute FY 2021 Federal Rate

	Adjustment Factor	Labor Rate	Adjustment Factor	Non-Labor Rate
FY 2020 Base Rate		\$4,247.95		\$1,971.59
Update Factor	1.024	4,349.90	1.024	2,018.91
MS-DRG Recalibration	0.99798	4,341.11	0.99798	2,014.83
Wage Index Budget Neutrality	1.000426	4,342.96	1.000426	2,015.69
Geo Recalssification Budget Neutrality	0.986583	4,284.69	0.986583	1,988.65
Rural Demo Budget Neutrality	0.999626	4,283.09	0.999626	1,987.91
Stem Cell Acquisition Budget Neutrality	0.999848	4,282.44	0.999848	1,987.61
Lowest Quartile Budget Neutrality	0.998835	4,277.45	0.998835	1,985.29
Transition Budget Neutrality	0.998015	4,268.96	0.998015	1,981.35
Operating Outliers	0.949	4,051.24	0.949	1,880.30
MACRA	1.005	4,071.50	1.005	1,889.70
Rounding Error		0.01		0.00
FY 2021 Final Rate		<u>\$4,071.49</u>		<u>\$1,889.70</u>
Net Increase in Rates		<u>2.84%</u>		<u>2.84%</u>
Net Budget Neutrality Adjustments	<u>-6.40%</u>			

Federal Rate Adjustment

Actual Increase in Federal Rate

	Quality Data and MU	No Quality Data and MU Only	Quality Data and Not MU	No Quality Data and Not MU
Net Market Basket	2.40%	0.60%	1.80%	0.00%
Documentation and Coding Adjustment	0.50%	0.50%	0.50%	0.50%
Payment Rate Increase - CMS	2.90%	1.10%	2.30%	0.50%
Actual Increase in Payment Rate	2.84%			

FY 2021 Capital Payment Rate

TABLE 1D. - FINAL RULE CAPITAL STANDARD FEDERAL PAYMENT RATE	
	Rate
National	\$466.22

Comparison of FY 2020 and 2021 Capital Federal Rate

COMPARISON OF FACTORS AND ADJUSTMENTS: FY 2020 CAPITAL FEDERAL RATE AND THE FY 2021 CAPITAL FEDERAL RATE

	FY 2020	FY 2021	Change	Percent Change
Update Factor ¹	1.0150	1.0110	1.0110	1.10
GAF/DRG Adjustment Factor ¹	0.9948	0.9971	0.9971	-0.29
Outlier Adjustment Factor ²	0.9463	0.9466	1.0003	0.03
Capital Federal Rate	\$462.33	\$466.22	1.0084	0.84 ³

¹ The update factor and the GAF/DRG budget neutrality adjustment factors are built permanently into the capital Federal rates. Thus, for example, the incremental change from FY 2020 to FY 2021 resulting from the application of the 0.9971 GAF/DRG budget neutrality adjustment factor for FY 2021 is a net change of 0.9971 (or -0.29 percent).

² The outlier reduction factor is not built permanently into the capital Federal rate; that is, the factor is not applied cumulatively in determining the capital Federal rate. Thus, for example, the net change resulting from the application of the FY 2021 outlier adjustment factor is 0.9466/0.9463 or 1.0003 (or 0.03 percent).

³ Percent change may not sum due to rounding.

Outlier Payments

- FY 2021 Fixed-Loss Cost Threshold \$29,051 (Final FY 2020 was \$26,473)
- Marginal cost factor remains at 80%
- Overall, outliers are estimated to be 5.1% of total payments
- Number of eligible cases may increase or decrease depending on changes to your RCC

IMPACT SUMMARY

Impact Summary

Impact Analysis for Final IPPS Operating Cost Changes for FY2021

		FY2021 Rate Update and Adjustment under MACRA	FY2021 DRG, Rel. Wts., Wage Index Changes with Wage and Recalibration Budget Neutrality	FY2021 MGRB Reclassifications	Rural Floor with Application of National Rural and Imputed Floor Budget Neutrality	Application of the Frontier Wage Index and Final Out- Migration Adjustment	All Final FY2021 Changes
All Hospitals	3,199	2.8%	0.0%	0.0%	0.0%	0.1%	2.5%
By Geographic Region							
Urban Hospitals	2,462	2.9%	0.0%	-0.1%	0.0%	0.1%	2.5%
Rural Hospitals	739	2.6%	-0.3%	1.1%	-0.2%	0.1%	2.2%
By Type of Ownership							
Voluntary	1,885	2.8%	0.0%	0.0%	0.0%	0.1%	2.5%
Proprietary	827	2.9%	-0.1%	0.0%	0.0%	0.1%	2.4%
Government	488	2.8%	0.1%	-0.1%	0.0%	0.0%	2.5%
By Teaching Status							
Non-Teaching < 100 Residents	2,037	2.8%	-0.2%	0.0%	0.1%	0.1%	2.2%
> 100 Residents	907	2.9%	-0.1%	0.0%	0.1%	0.2%	2.5%
Residents > 100	257	2.8%	0.3%	-0.1%	-0.1%	0.1%	2.7%

Source: Centers for Medicare & Medicaid Services (CMS)

FY 2021 Impact Summary – PA Base Rate

WAGE INDEX BY CBSA AND BY STATE--FY 2021

CBSA Code	Urban Area	State	Wage Index	25th Quartile	5% Cap	Labor	Non-Labor	Wage Adj Rate	% Change	Wage Index % Change
				0.8465						
10900	Allentown-Bethlehem-Easton, PA-NJ	PA	0.9844	0.9844	0.9844	3,695.94	2,265.25	5,903.53	2.77%	↑ 0.02% ↑
11020	Altoona, PA	PA	0.8237	0.8351	0.8702	3,695.94	2,265.25	5,481.46	-0.32%	↓ -5.00% ↓
14100	Bloomsburg-Berwick	PA	0.8540	0.8540	0.8540	3,695.94	2,265.25	5,421.58	0.22%	↑ -4.17% ↓
16540	Chambersburg-Waynesboro	PA	1.1024	1.1024	1.1024	4,071.49	1,889.70	6,378.11	2.88%	↑ 0.17% ↑
20700	East Stroudsburg	PA	0.9345	0.9345	0.9393	3,695.94	2,265.25	5,736.72	-0.41%	↓ -5.00% ↓
21500	Erie, PA	PA	0.7942	0.8204	0.8204	3,695.94	2,265.25	5,297.21	4.71%	↑ 3.37% ↑
23900	Gettysburg	PA	1.0484	1.0484	1.0484	4,071.49	1,889.70	6,158.25	3.46%	↑ 0.98% ↑
25420	Harrisburg-Carlisle, PA	PA	0.9151	0.9151	0.9151	3,695.94	2,265.25	5,647.40	0.31%	↑ -3.92% ↓
27780	Johnstown, PA	PA	0.8160	0.8313	0.8313	3,695.94	2,265.25	5,337.50	4.24%	↑ 2.53% ↑
29540	Lancaster, PA	PA	0.9082	0.9082	0.9082	3,695.94	2,265.25	5,621.90	3.21%	↑ 0.73% ↑
30140	Lebanon, PA	PA	0.9782	0.9782	0.9782	3,695.94	2,265.25	5,880.62	5.58%	↑ 4.54% ↑
33874	Montgomery-Bucks-Chester Counties	PA	0.9750	0.9750	0.9750	3,695.94	2,265.25	5,868.79	1.92%	↑ -1.32% ↓
35084	Newark-Union, NJ-PA	PA	1.1195	1.1195	1.1195	4,071.49	1,889.70	6,447.73	2.67%	↑ -0.12% ↓
37964	Philadelphia, PA	PA	1.0751	1.0751	1.0751	4,071.49	1,889.70	6,266.96	1.37%	↑ -1.92% ↓
38300	Pittsburgh, PA	PA	0.8384	0.8425	0.8425	3,695.94	2,265.25	5,378.89	2.35%	↑ -0.68% ↓
39740	Reading, PA	PA	1.0025	1.0025	1.0025	4,071.49	1,889.70	5,971.37	2.44%	↑ -0.46% ↓
42540	Scranton--Wilkes-Barre, PA	PA	0.8536	0.8536	0.8536	3,695.94	2,265.25	5,420.10	3.60%	↑ 1.41% ↑
44300	State College, PA	PA	1.0624	1.0624	1.0624	4,071.49	1,889.70	6,215.25	5.67%	↑ 4.13% ↑
48700	Williamsport, PA	PA	0.8990	0.8990	0.8990	3,695.94	2,265.25	5,587.90	4.54%	↑ 2.94% ↑
49620	York-Hanover, PA	PA	0.9339	0.9339	0.9339	3,695.94	2,265.25	5,716.89	3.77%	↑ 1.63% ↑
49660	Youngstown-Warren-Boardman, OH-PA	PA	0.7942	0.8204	0.8204	3,695.94	2,265.25	5,297.21	4.31%	↑ 2.66% ↑
39	Pennsylvania Rural	PA	0.7948	0.8207	0.8207	3,695.94	2,265.25	5,298.32	4.11%	↑ 2.33% ↑

FY 2020 PA Wage Adjusted Payment Rates

WAGE INDEX BY CBSA AND BY STATE--FY 2020						
CBSA Code	Urban Area	State	Wage Index	Labor	Non-Labor	Wage Adj Rate
10900	Allentown-Bethlehem-Easton, PA-NJ	PA	0.9842	3,596.70	2,204.43	5,744.30
11020	Altoona, PA	PA	0.9160	3,596.70	2,204.43	5,499.01
14100	Bloomsburg-Berwick	PA	0.8912	3,596.70	2,204.43	5,409.81
16540	Chambersburg-Waynesboro	PA	1.1005	3,962.17	1,838.96	6,199.33
20700	East Stroudsburg	PA	0.9887	3,596.70	2,204.43	5,760.49
21500	Erie, PA	PA	0.7936	3,596.70	2,204.43	5,058.77
23900	Gettysburg	PA	1.0382	3,962.17	1,838.96	5,952.48
25420	Harrisburg-Carlisle, PA	PA	0.9524	3,596.70	2,204.43	5,629.93
27780	Johnstown, PA	PA	0.8107	3,596.70	2,204.43	5,120.27
29540	Lancaster, PA	PA	0.9016	3,596.70	2,204.43	5,447.21
30140	Lebanon, PA	PA	0.9357	3,596.70	2,204.43	5,569.86
33874	Montgomery-Bucks-Chester Counties	PA	0.9880	3,596.70	2,204.43	5,757.97
35084	Newark-Union, NJ-PA	PA	1.1208	3,962.17	1,838.96	6,279.76
37964	Philadelphia, PA	PA	1.0962	3,962.17	1,838.96	6,182.29
38300	Pittsburgh, PA	PA	0.8482	3,596.70	2,204.43	5,255.15
39740	Reading, PA	PA	1.0071	3,962.17	1,838.96	5,829.26
42540	Scranton--Wilkes-Barre, PA	PA	0.8417	3,596.70	2,204.43	5,231.77
44300	State College, PA	PA	1.0203	3,962.17	1,838.96	5,881.56
48700	Williamsport, PA	PA	0.8733	3,596.70	2,204.43	5,345.43
49620	York-Hanover, PA	PA	0.9189	3,596.70	2,204.43	5,509.44
49660	Youngstown-Warren-Boardman, OH-PA	PA	0.7991	3,596.70	2,204.43	5,078.55
39	Pennsylvania Rural	PA	0.8020	3,596.70	2,204.43	5,088.98

FY 2021 Impact Summary – PA Base Capital Rate

**CAPITAL GEOGRAPHIC ADJUSTMENT FACTOR (GAF) BY CBSA
AND BY STATE--FY 2021**

CBSA Code	Urban Area	State	GAF	Capital	% Change	GAF Adj Cap Rate	% Change
10900	Allentown-Bethlehem-Easton, PA-NJ	PA	0.9893	466.22	1.41%	461.23	1.42%
11020	Altoona, PA	PA	0.8756	466.22	1.41%	408.22	-5.70%
14100	Bloomsburg-Berwick	PA	0.8976	466.22	1.41%	418.48	-1.50%
16540	Chambersburg-Waynesboro	PA	1.0690	466.22	1.41%	498.39	1.53%
20700	East Stroudsburg	PA	0.9547	466.22	1.41%	445.10	-2.42%
21500	Erie, PA	PA	0.8540	466.22	1.41%	398.15	1.46%
23900	Gettysburg	PA	1.0329	466.22	1.41%	481.56	2.10%
25420	Harrisburg-Carlisle, PA	PA	0.9411	466.22	1.41%	438.76	-1.32%
27780	Johnstown, PA	PA	0.8700	466.22	1.41%	405.61	1.87%
29540	Lancaster, PA	PA	0.9362	466.22	1.41%	436.48	1.93%
30140	Lebanon, PA	PA	0.9850	466.22	1.41%	459.23	4.54%
33874	Montgomery-Bucks-Chester Counties	PA	0.9828	466.22	1.41%	458.20	0.49%
35084	Newark-Union, NJ-PA	PA	1.0804	466.22	1.41%	503.70	1.34%
37964	Philadelphia, PA	PA	1.0508	466.22	1.41%	489.90	0.07%
38300	Pittsburgh, PA	PA	0.8863	466.22	1.41%	413.21	0.61%
39740	Reading, PA	PA	1.0017	466.22	1.41%	467.01	1.09%
42540	Scranton--Wilkes-Barre, PA	PA	0.8973	466.22	1.41%	418.34	2.40%
44300	State College, PA	PA	1.0423	466.22	1.41%	485.94	4.25%
48700	Williamsport, PA	PA	0.9297	466.22	1.41%	433.44	3.45%
49620	York-Hanover, PA	PA	0.9542	466.22	1.41%	444.87	2.54%
49660	Youngstown-Warren-Boardman, OH-PA	PA	0.8540	466.22	1.41%	398.15	0.99%
39	Pennsylvania Rural	PA	0.8545	466.22	1.41%	398.38	0.79%

FY 2020 PA Capital Payment Rates

**CAPITAL GEOGRAPHIC ADJUSTMENT FACTOR (GAF) BY CBSA
AND BY STATE--FY 2020**

CBSA Code	Urban Area	State	GAF	Capital	GAF Adj Cap Rate
10900	Allentown-Bethlehem-Easton, PA-NJ	PA	0.9892	459.72	454.76
11020	Altoona, PA	PA	0.9417	459.72	432.92
14100	Bloomsburg-Berwick	PA	0.9242	459.72	424.87
16540	Chambersburg-Waynesboro	PA	1.0678	459.72	490.89
20700	East Stroudsburg	PA	0.9922	459.72	456.13
21500	Erie, PA	PA	0.8536	459.72	392.42
23900	Gettysburg	PA	1.0260	459.72	471.67
25420	Harrisburg-Carlisle, PA	PA	0.9672	459.72	444.64
27780	Johnstown, PA	PA	0.8661	459.72	398.16
29540	Lancaster, PA	PA	0.9315	459.72	428.23
30140	Lebanon, PA	PA	0.9555	459.72	439.26
33874	Montgomery-Bucks-Chester Counties	PA	0.9918	459.72	455.95
35084	Newark-Union, NJ-PA	PA	1.0812	459.72	497.05
37964	Philadelphia, PA	PA	1.0649	459.72	489.56
38300	Pittsburgh, PA	PA	0.8934	459.72	410.71
39740	Reading, PA	PA	1.0049	459.72	461.97
42540	Scranton--Wilkes-Barre, PA	PA	0.8887	459.72	408.55
44300	State College, PA	PA	1.0139	459.72	466.11
48700	Williamsport, PA	PA	0.9114	459.72	418.99
49620	York-Hanover, PA	PA	0.9437	459.72	433.84
49660	Youngstown-Warren-Boardman, OH-PA	PA	0.8576	459.72	394.26
39	Pennsylvania Rural	PA	0.8598	459.72	395.27

HOSPITALS AND UNITS EXCLUDED FROM IPPS

Excluded Hospitals/Units

- LTCH-PPS MS-LTC-DRGs
 - Market Basket Increase
 - FY 2021 is 2.3%
 - Productivity Adjustment Reduction 0.0%
 - Net Payment Rate Update
 - Beginning in FFY 2018 the transitional blended payment rate for site neutral payment rate cases was extended for 2 years
 - However, site neutral payments will continue to decrease by 4.6% for FYs through 2026

Excluded Hospitals/Units

- LTCH-PPS MS-LTC-DRGs
 - Federal Rate
 - FY 2021 (Submitting Quality Data) = \$43,775.34 (was \$42,677.64 FY 2020)
 - Rate variance incorporates budget neutrality adjustments
 - High Cost Outlier Threshold
 - FY 2021 = \$27,195 (was \$26,778 FY 2020)

Excluded Hospitals/Units

- Inpatient Rehabilitation Hospitals/Units
 - Market basket is 2.4%
 - Productivity Adjustment Reduction 0.0%
 - Net market basket is 2.4%
 - Base payment rate will increase to \$16,856 (FY 2020 was \$16,489)
 - Actual increase is 2.2% after adjusting for Budget Neutrality Factors:
 - Wage Index and Labor-Related Share = 1.0013%
 - Revisions to the CMGs and CMG Relative Weights = .997%

Excluded Hospitals/Units

- Inpatient Rehabilitation Hospitals/Units
 - High cost outlier threshold decreased to \$7,906 (FY 2020 was \$9,300). Decreasing the threshold maintains outlier payments at the maximum amount of 3% of total IRF PPS payments.
 - The decrease is related to an analysis of the FY 2019 claims data that showed outlier payments to be 2.6 percent of IRF PPS payments.
 - CMS set the FY 2019 threshold to result in outlier payments to be the estimated 3.0% of IRF PPS. No mention of the 0.4% shortfall.

Excluded Hospitals/Units

- Inpatient Psychiatric Hospitals/Units
 - No significant regulatory changes – Update to payment rates
 - Market basket is 2.2%
 - Productivity Adjustment is 0.0%
 - Net Market Basket increase 2.2%
 - Federal Base Rate is \$815.22 (FY 2020 was \$798.55)
 - Budget Neutrality adjustment = .9989
 - High cost outlier threshold increased to \$14,630 (FY 2020 was \$14,960).
 - Decreasing the threshold maintains outlier payments at the maximum amount of 2% of total IRF PPS payments.

Excluded Hospitals/Units

- Skilled Nursing Facilities
 - Market Basket is 2.2%
 - Productivity Adjustment Reduction is 0.0%
 - Net Market Basket is 2.2%

QUESTIONS

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THANK YOU &
HAVE A GREAT DAY!