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## FFY 2021 INPATIENT REHABILITATION FACILITY PROSPECTIVE PAYMENT SYSTEM FINAL RULE (CMS-1729-F)

On August 10, the Centers for Medicare & Medicaid Services (CMS) published its federal fiscal year (FFY) 2021 [final rule](#) on the Inpatient Rehabilitation Facility (IRF) Prospective Payment System (PPS) effective Oct. 1, 2020 through Sept. 30, 2021. After accounting for all payment and budget neutrality factors, CMS estimates an increase in payments for all U.S. IRFs of approximately 2.8% compared to federal fiscal year (FFY) 2020.

CMS waived the 60-day delayed effective date for this final rule. Instead, the IRF PPS will take effect 55 days after issuance of this final rule. Page numbers refer to the *Federal Register*.

**Market Basket Update (pp. 48431-48433):** The overall rate change for FFY 2021 includes a market basket update of 2.4% and a productivity reduction of 0.0 percentage points. IRFs that fail to submit required quality data will experience a 2 percentage point reduction to their payment rate.

**FFY 2021 Standard Payment Conversion Factor (pp. 48441-48443):** CMS finalized an IRF conversion factor for FFY 2021 of \$16,856, up from \$16,489 in FFY 2020. Table 10 (pp. 54-56) displays the FFY 2021 payment rates after application of CMS relative weights.

**FFY 2021 Case-Mix Group (CMG) Relative Weight Updates (pp. 48428-48431, 48433-48441):** CMS did not propose any changes to the CMG categories and definitions. CMS will update CMG relative weights and average lengths of stay (ALOS) using FFY 2019 IRF claims data and FFY 2018 IRF cost report data. CMS finalized the use of a FFY 2021 case-mix budget neutrality factor of 0.9969 to compensate for CMS weight changes. Table 2 (pp. 48428-48430) displays final FFY 2021 CMG payment weights and ALOS values.

**Changes to IRF Coverage Requirements (pp. 48445-48453):** CMS will allow a non-physician practitioner to independently conduct one of three required face-to-face visits with Medicare fee-for-service (FFS) IRF patients per week. Such visits may take place in the second, third and fourth weeks of a Medicare FFS patient's stay. Additionally, the IRF must determine that the non-physician practitioner has specialized training and experience and that such duties are within their scope of practice under applicable state law. CMS clarified that in the first week of the IRF stay, a rehabilitation physician is required to visit Medicare FFS patients a minimum of three times to ensure that the plan of care is fully established and optimized to each patient's care needs. Medicare FFS patients must continue receiving at least three visits per week in subsequent weeks, but now a non-physician practitioner may independently conduct one of those three required visits.

Administratively, CMS finalized the removal of the post-admission physician evaluation documentation requirements at § 412.622(a)(4)(ii) for all IRF discharges beginning on or after Oct. 1, 2020.

CMS also finalized amendments to the comprehensive preadmission screening beginning FFY 2021, including:

- Inclusion of the patient’s level of function prior to the event or condition that led to the need for IRF therapy, expected level of improvement, and the expected length of time necessary to achieve that level of improvement;
- An evaluation of the risk for clinical complications;
- The conditions that caused the need for rehabilitation;
- The combinations of treatments needed; and
- Anticipated discharge destination.

Finally, CMS finalized the definition of a “week” as a period of seven (7) consecutive calendar days, beginning with the date of admission to the IRF.

**Wage Index (pp. 48433-48441):** CMS finalized the adoption of CBSA delineations published in the September 2018 Office of Management and Budget (OMB) [Bulletin No. 18-04](#). This reassigns or alters some counties, which may affect the wage index for some providers. In an effort to alleviate significant losses in revenue, CMS finalized a one-year transition period, adopting these new CBSA assignments effective Oct. 1, 2020 along with a 5% cap on the reduction of a provider’s wage index for FFY 2021 compared to its wage index for FFY 2020. For more information, see IHA’s [summary](#) of the FFY 2021 inpatient prospective payment system (IPPS) proposed rule.

Final FFY 2021 wage index values by CBSA, found on CMS’ [website](#), are below:

CBSA	Final FFY 2020	Final FFY 2021*
Bloomington	0.9235	0.9114
Cape Girardeau	0.8015	0.8019
Carbondale	0.8221	0.8184
Champaign-Urbana	0.8703	0.8655
Chicago-Naperville-Evanston	1.0405	1.0442
Danville	0.8993	0.9032
Decatur	0.8387	0.8326
Elgin	1.0502	1.0559
Kankakee	0.9038	0.9068
Lake County	1.0177	1.0192
Peoria	0.8604	0.8644
Rock Island	0.9059	0.8606
Rockford	0.9749	0.9693
St. Louis	0.9389	0.9317
Springfield	0.9461	0.9256
Rural	0.8242	0.8297

\*The actual wage index for an individual provider may be higher for FY 2021, as determined by the 5% limit on decreases for any provider from the FY 2020 wage index value.

CMS finalized an increase in the labor-related share of the standard rate from 72.7% in FFY 2020 to 73.0% in FFY 2021.

**Outlier Payments (pp. 48444):** CMS finalized an outlier threshold value of \$7,906 for FFY 2021, a 14.98% decrease compared to the FFY 2020 threshold of \$9,300.

**IRF Cost-to-Charge Ratio (CCR) Ceiling (pp. 48444-48445):** CMS finalized a national CCR ceiling of 1.34 for FY 2021. If an individual IRF's CCR exceeds this ceiling, the IRF's CCR will be replaced with the appropriate national average CCR, urban or rural. CMS finalized a national rural average CCR of 0.493 and a national urban CCR of 0.398.

**IRF Quality Reporting Program (QRP) (p. 48424, 48453-48454s):** CMS did not propose any changes to the IRF QRP for FFY 2021. A two percentage point reduction will continue to be applied to standard market basket rate adjustment for IRFs that fail to submit quality data.

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#### Sources:

Centers for Medicare & Medicaid Services. Medicare Program; Inpatient Rehabilitation Facility Prospective Payment System for Federal Fiscal Year 2021. August 10, 2020. Available from: <https://www.federalregister.gov/documents/2020/08/10/2020-17209/medicare-program-inpatient-rehabilitation-facility-prospective-payment-system-for-federal-fiscal>. Accessed August 7, 2020.

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