

For-Profit Psych Hospital Pay +2.5%

Healthy IPF Rates, No Major Policy Shifts

The Centers for Medicare and Medicaid Services (CMS) released the proposed FY 2023 inpatient psych facility (IPF) regulation this evening ([here](#)). It is a short, 81-page rule. Comments are due May 31 and will be finalized by August 1. New polices and pay start Oct 1, the beginning of FY 2023.

- **Psychiatric hospitals would receive a +1.5% overall update in FY23.** Total estimated payments to IPFs are estimated to increase by 1.5% or \$50 million in FY 2023 relative to IPF payments in FY 2022. For FY 2023, CMS is proposing to update the IPF payment rates by 2.7%, based on the proposed IPF market basket update of 3.1 percent, less a 0.4 % point productivity adjustment. CMS is proposing that if more recent data become available (for example, a more recent estimate of the MB update or productivity adjustment), CMS would use these data.
- **Rural and urban for-profit hospitals would see a +2.3-2.7% update, positive for ACHC, UHS, others.** These are standalone facilities i.e., not a psychiatric hospital unit.
- **Outlier policy cuts rates quite a bit.** CMS is proposing to update the outlier threshold so that estimated outlier payments remain at 2.0% of total payments. CMS estimates that this would result in a -1.2 % overall decrease to aggregate payments due to updating the outlier threshold.
- **No changes to quality reporting for future years.** As a reminder, CMS proposed and finalized the following in 2021.
 - **COVID-19 vaccination.** For the 2023 payment determination and subsequent years, CMS will add the COVID-19 Vaccination Coverage Among Healthcare Personnel measure to the quality reporting. The measure addresses the quality priority of “Promote Effective Prevention & Treatment of Chronic Disease” through the meaningful measures domain of preventive care. The process measure was developed by the Centers for Disease Control and Prevention (CDC) to track COVID-19 vaccination coverage among HCP in the IPF setting.
 - **Psych follow up post-hospitalization can be done by a primary care provider.** For the 2024 payment determination and subsequent years, CMS is proposing to add the Follow-up After Psychiatric Hospitalization measure to the IPFQR Program. This claims-based measure expands the cohort of the Follow-up After Hospitalization for Mental Illness measure, which is currently in the IPFQR Program, to include patients with substance use disorders. It also expands the provider types who can provide follow-up care to include primary care providers.
- **As a reminder, Congress is working on a mental health bill with likely passage 2H22.** We have previewed the bill, its major components, in a March 25 note. Let us know if you need details. We could see May/June mark up in the Senate. With likely passage by the end of the year. We note that IMD is in the mix (Medicaid), which would enhance access but also costs the government dollars.