

# CAPITOL STREET

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## Proposed 2024 Rehab Hospital Rates +3.7%

### CMS Provides Healthy Update, No Major Policy Shifts

Relevant Companies



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The Centers for Medicare and Medicaid Services (CMS) released the proposed 2024 inpatient rehab facility (IRF) regulation ([here](#)). It is a 182-page rule. Comments are due June 2 and will be finalized by August 1. New policies and pay start Oct 1, the beginning of FY 2024.

### »» Our Take & Next Up

This is good news for inpatient rehabilitation facilities. The proposed rule comment period ends June 2. Final rates will be out in late July/August. MedPAC consistently calls for cuts to IRFs and home health agencies (~5% cuts for the past few years). The recommendations are clearly not reflected in the proposed '24 rates, but Congress may be influenced to restrict payments when they finally take on spending in 2023-24. This would apply to all Medicare providers and plans, not just IRFs.

### »» Key Points

**Positively, Inpatient Rehab Facilities (IRFs) will receive a +3.7% proposed update.** For 2024, CMS is proposing to update the IRF payment rates by 3.0% based on the proposed IRF market basket update of 3.2% less a proposed 0.2% point productivity adjustment. The outlier threshold policy lifts rates by 0.7%.

**Urban for-profits would be paid +3.4% next year.** Rural for-profits would see pay +2.7%, under the proposal released by CMS.

**The proposal contains an adjustment to the outlier threshold to maintain outlier payments at 3.0% of total payments.** This adjustment will result in a 0.7% point increase in outlier payments. CMS estimates that overall IRF payments for 2024 would increase by \$335 M relative to payments in 2023.

**CMS proposes to allow hospitals to open a new IRF unit and begin being paid under the IRF payment system at any time during the cost reporting period.** The hospital must notify CMS in writing at least 30 days before the date of the change and maintain the information needed to accurately determine the costs attributable to the IRF unit.

**CMS proposes for FY 2024 to adopt a 2021-based IRF market basket.** This would include proposed changes to the MB cost weights, price proxies, MB update, and labor-related share. Approximately every four years, CMS rebases and revises the IRF MB, which was last rebased and revised in the 2020 IRF rule, where CMS adopted a 2016-based IRF MB.

**CMS proposes modifying COVID-19 vaccination coverage among healthcare personnel measure beginning with the 2025 IRF quality reporting program (QRP).** This measure tracks the % of healthcare personnel (HCP) in IRFs who are considered up to date with recommended COVID-19 vaccination in accordance with the CDC's most recent guidance.

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