

# CAPITOL STREET

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July 28, 2023

## Final 2024 Rehab Rates Better At +4.0%

### No New Policies

Relevant Companies



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The Centers for Medicare and Medicaid Services (CMS) released the final 2024 inpatient rehab facility (IRF) regulation ([here](#)). It is a 279-page rule. New policies and pay start Oct 1, the beginning of FY 2024.

### »» Our Take & Next Up

**CMS upped final '24 pay to +4%, positively impacting Inpatient Rehab Facilities (IRFs).** No new policy changes from the proposal. CMS implemented new IRF payment system that hospitals must notify CMS they want to participate in. Overall, a win for IRFs. New policies and pay will start Oct 1.

### »» Key Points

**Inpatient Rehab Facilities (IRFs) will receive a +4.0% final update, an increase from the 3.7% proposed update.** For FY 2024, CMS is updating the IRF payment rates by 3.4% based on the IRF market basket update of 3.6% less a proposed 0.2% productivity adjustment. The outlier threshold policy lifts rates by 0.6%.

**Urban for-profits will be paid +3.7% next year.** Rural for-profits will see pay +3.1%, under the final rule released by CMS.

**The update contains an adjustment to the outlier threshold to maintain outlier payments at 3.0% of total payments.** This adjustment will result in a +0.6% increase in outlier payments. CMS estimates that overall IRF payments for 2024 would increase by +4.0% or \$355 M relative to payments in 2023.

**CMS final rule will allow hospitals to open a new IRF unit (similar to IPF rule for psych beds) 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 implements the update for FY 2024 to adopt a 2021-based IRF market basket.** This would include 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.

#### **Updates to the IRF Quality Reporting Program (QRP): COVID-19 Vaccine Reporting**

- **CMS updates the COVID-19 vaccination coverage among healthcare personnel measure beginning with the 2025 IRF 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.
- **CMS also updates the COVID-19 vaccination adoption among patients/residents beginning with the FY 2026 IRF QRP.** The measure will track the percentage of stays in which patients are up to date with CDC's most recent vaccination guidance.

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