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SPECIAL EDITION

Thursday, July 29, 2021

News

- SNF Prospective Payment System: FY 2022 Final Rule
- Hospice Payment Rate Update: FY 2022 Final Rule
- IRF Prospective Payment System: FY 2022 Final Rule
- IPF Prospective Payment System: FY 2022 Final Rule

News

SNF Prospective Payment System: FY 2022 Final Rule

On July 29, CMS issued a final rule updating Medicare payment policies and rates for Skilled Nursing Facilities (SNFs) under the SNF Prospective Payment System (PPS) for Fiscal Year (FY) 2022. In addition, the final rule includes several policies that update the SNF Quality Reporting Program and the SNF Value-Based Program (VBP) for FY 2022.

CMS estimates that the aggregate impact of the payment policies in this final rule would result in an increase of approximately \$410 million in Medicare Part A payments to SNFs in FY 2022. This estimate reflects a \$411 million increase from the update to the payment rates of 1.2%, which is based on a 2.7% SNF market basket update, less a 0.8 percentage point forecast error adjustment and a 0.7 percentage point productivity adjustment, and a \$1.2 million decrease due to the proposed reduction to the SNF PPS rates to account for the recent blood-clotting factors exclusion. These impact figures do not incorporate the SNF VBP reductions that are estimated to be \$184.25 million in FY 2022.

The final rule also includes:

- Methodology for recalibrating the Patient Driven Payment Model (PDPM) parity adjustment
- Section 134 of the Consolidated Appropriations Act, 2021 – New Blood Clotting Factor Exclusion from SNF Consolidated Billing
- Changes in PDPM ICD-10 code mappings

More Information:

- [Full fact sheet](#)
- [Final rule](#)

Hospice Payment Rate Update: FY 2022 Final Rule

On July 29, CMS issued a final rule that updates Medicare hospice payments and the aggregate cap amount for Fiscal Year (FY) 2022 in accordance with existing statutory and regulatory requirements. This rule rebases the hospice labor shares and clarifies certain aspects of the hospice election statement addendum requirements. In addition, this rule finalizes changes to the Hospice conditions of participation and Hospice

Quality Reporting Program (HQRP). The final rule also finalizes a Home Health Quality Reporting Program policy that becomes effective on October 1, 2021, to prepare for public reporting beginning in January 2022.

Under the final rule, the hospices would see a 2.0 percent increase (\$480 million) in their payments for FY 2022 relative to FY 2021. This is a result of the 2.7 percent market basket percentage increase reduced by a 0.7 percentage point productivity adjustment. Hospices that fail to meet quality reporting requirements receive a 2 percentage point reduction to the annual hospice payment update percentage increase for the year.

The FY 2022 hospice payment updates also include an update to the statutory aggregate cap amount, which limits the overall payments per patient that are made to a hospice annually. The cap amount for FY 2022 is \$31,297.61 (FY 2021 cap amount of \$30,683.93 increased by 2.0 percent). As a result of the changes mandated by Division CC, section 404 of the Consolidated Appropriations Act, 2021 (CAA 2021), this rule finalizes conforming regulation text changes at § 418.309 to reflect the new language added to section 1814(i)(2)(B) of the Act, which extends the years that the cap amount is updated by the hospice payment update percentage rather than the consumer price index.

The final rule also includes:

- Other Medicare hospice payment policies
- Closing the Health Equity Gap in the HQRP – Request for Information (RFI)
- Fast Healthcare Interoperability Resources in Support of the HQRP – RFI

More Information:

- [Full fact sheet](#)
- [Final rule](#)
- [Hospice Center](#) webpage

IRF Prospective Payment System: FY 2022 Final Rule

On July 29, CMS issued a final rule that updates Medicare payment policies and rates for facilities under the Inpatient Rehabilitation Facility (IRF) Prospective Payment System (PPS) and finalizes policies under the IRF Quality Reporting Program for Fiscal Year (FY) 2022. FY 2022 IRF PPS payment rates and policies will be effective on October 1, 2021.

In addition, CMS is finalizing a Medicare Durable Medical Equipment Prosthetics, Orthotics, and Supplies (DMEPOS) payment provision adopted in an interim final rule with comment period issued on May 11, 2018, as well as a provision that was included in a DMEPOS proposed rule published in the Federal Register on November 4, 2020.

For FY 2022, CMS is updating the IRF PPS payment rates by 1.9% based on the IRF specific market basket estimate of 2.6%, less a 0.7 percentage point productivity adjustment. In addition, the final rule contains an adjustment to the outlier threshold to maintain outlier payments at 3.0% of total payments. This adjustment will result in a 0.4 percentage point decrease in outlier payments. We estimate that the overall IRF payments for FY 2022 would increase 1.5% (or \$130 million), relative to payments in FY 2021.

More Information:

- [Full fact sheet](#)
- [Final rule](#)

IPF Prospective Payment System: FY 2022 Final Rule

On July 29, CMS issued a final rule that updates Medicare payment policies and rates for the Inpatient Psychiatric Facility (IPF) Prospective Payment System (PPS) for Fiscal Year (FY) 2022 and finalizes changes to the IPF Quality Reporting Program. The final rule also includes updates to the IPF teaching policy.

For FY 2022, CMS is updating the IPF PPS payment rates by 2.0% based on the final IPF market basket estimate of 2.7%, less a 0.7 percentage point productivity adjustment. In addition, the final rule updates the outlier threshold to maintain outlier payments at 2.0% of total payments. This adjustment will result in a 0.1% overall increase to aggregate payments. Total payments to IPFs are estimated to increase by 2.1% or \$80 million in FY 2022 relative to IPF payments in FY 2021.

More Information:

- [Full fact sheet](#)
- [Final rule](#)

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