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Official CMS news from the Medicare Learning Network®

## SPECIAL EDITION

Thursday, April 8, 2021

### News

SNF Prospective Payment System: FY 2022 Proposed Rule  
Hospice Payment Rate Update for FY 2022  
IRF Prospective Payment System: FY 2022 Proposed Rule  
IPF: Proposed Medicare Payment & Quality Reporting Updates

### News

#### SNF Prospective Payment System: FY 2022 Proposed Rule

On April 8, CMS issued a proposed rule that would update 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 proposed rule includes proposals for 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 proposed rule would result in an increase of approximately \$444 million in Medicare Part A payments to SNFs in FY 2022. This estimate reflects a \$445 million increase from the update to the payment rates of 1.3 percent, which is based on a 2.3 percent SNF market basket update, less a 0.8 percentage point forecast error adjustment and a 0.2 percentage point multifactor 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.

Proposed updates to the Patient Driven Payment Model:

- Methodology for recalibrating the parity adjustment
- Proposed changes in ICD-10 code mappings

More Information:

- [Full fact sheet](#)
- [Proposed rule](#): CMS will accept comments until June 7

#### Hospice Payment Rate Update for FY 2022

On April 8, CMS issued a proposed rule that would provide routine updates to hospice base payments and the aggregate cap amount for Fiscal Year (FY) 2022. This proposed rule also includes a comment solicitation regarding hospice utilization. In addition, this rule proposes to rebase the hospice labor shares and clarify certain aspects of the hospice election statement addendum requirements.

This rule proposes changes to the hospice conditions of participation and Hospice Quality Reporting Program (HQRP). The proposed rule also includes a Home Health Quality Reporting Program proposal to display

publicly 3 quarters of certain outcome and assessment information set data due to the COVID-19 public health emergency exemptions of the 2020 first and second quarter data.

As proposed, hospices would see a 2.3 percent (\$530 million) increase in their payments for FY 2022. The proposed 2.3 percent hospice payment update for FY 2022 is based on the estimated 2.5 percent inpatient hospital market basket reduced by the multifactor productivity adjustment (0.2 percentage point). Hospices that fail to meet quality reporting requirements receive a 2 percentage point reduction to the annual market basket update for FY 2022.

Proposed updates:

- Hospice labor shares
- Fast health care interoperability resources in support of the HQRP – Request for Information (RFI)
- Closing the health equity gap in the HQRP - RFI

More Information:

- [Full fact sheet](#)
- [Proposed rule](#): CMS will accept comments until June 7

### **IRF Prospective Payment System: FY 2022 Proposed Rule**

On April 7, CMS issued a proposed rule that would update Medicare payment policies and rates for facilities under the Inpatient Rehabilitation Facility (IRF) Prospective Payment System (PPS) and the IRF Quality Reporting Program for Fiscal Year (FY) 2022.

CMS is proposing to update the IRF PPS payment rates by 2.2% based on the proposed IRF market basket update of 2.4%, less a 0.2 percentage point Multi-Factor Productivity (MFP) adjustment. CMS is proposing that if more recent data becomes available, we would use these data, if appropriate, to determine the FY 2022 market basket update and MFP adjustment in the final rule. In addition, the proposed rule contains an adjustment to the outlier threshold to maintain outlier payments at 3.0% of total payments. This adjustment would result in a 0.3 percentage point decrease in outlier payments. We estimate that the overall increase to IRF payments for FY 2022 would be 1.8% (or \$160 million), relative to payments in FY 2021.

Proposed updates to quality reporting:

- Closing the health equity gap – Request for Information (RFI)
- COVID-19 Vaccination Coverage among Health Care Personnel measure
- Transfer of Health Information to the Patient Post-Acute Care quality measure
- Public reporting of quality measures with fewer than standard numbers of quarters due to COVID-19 public health emergency exemptions
- Fast health care interoperability resources in support of digital quality measurement in post-acute care quality reporting programs – RFI

More Information:

- [Full fact sheet](#)
- [Proposed rule](#): CMS will accept comments until June 7
- [IRF PPS](#) webpage

### **IPF: Proposed Medicare Payment & Quality Reporting Updates**

On April 7, CMS issued a proposed rule that would update Medicare payment policies and rates for the Inpatient Psychiatric Facility (IPF) Prospective Payment System (PPS) for Fiscal Year (FY) 2022 and propose changes to the IPF Quality Reporting (IPFQR) Program. We're soliciting comments on addressing health equity in the IPFQR Program.

Total estimated payments to IPFs are estimated to increase by 2.3% or \$90 million in FY 2022 relative to IPF payments in FY 2021. For FY 2022, CMS is proposing to update the IPF PPS payment rates by 2.1% based

on the proposed IPF market basket update of 2.3%, less a 0.2 percentage point productivity adjustment. CMS is proposing that if more recent data becomes available, we would use these data, if appropriate, to determine the FY 2022 market basket update and multi-factor productivity adjustment in the final rule. Accounting for an additional update to the outlier threshold so that estimated outlier payments remain at 2.0% of total payments, results in a 0.2% overall increase to aggregate payments due to updating the outlier threshold results.

More Information:

- [Full fact sheet](#)
- [Proposed rule](#): CMS will accept comments until June 7

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