



Inpatient Rehabilitation Facility (IRF) Annual Update: Prospective Payment System (PPS) Pricer Changes for FY 2022

MLN Matters Number: MM12364

Related Change Request (CR) Number: 12364

Related CR Release Date: August 11, 2021

Effective Date: October 1, 2021

Related CR Transmittal Number: R10943CP

Implementation Date: October 4, 2021

Provider Types Affected

This MLN Matters Article is for IRFs billing Medicare Administrative Contractors (MACs) for services they provide to Medicare patients.

Provider Action Needed

Make sure your billing staff knows of these rate updates effective for claims with discharges that fall within October 1, 2021, through September 30, 2022.

Background

[Section 1886\(j\)\(3\)\(C\) of the Social Security Act](#) requires annual updates to the IRF PPS rates.

The [FY 2022 IRF PPS Final Rule](#) sets forth the prospective payment rates applicable for IRFs for FY 2022. CMS will release a new IRF PRICER software package prior to October 1, 2021, that will contain the updated rates. The rates for FY 2022 are as follows:

- The standard Federal rate is \$17,240
- The adjusted standard Federal rate is \$16,901
- The fixed loss amount is \$9,491
- The labor-related share is 0.729
- The non-labor related share is 0.271
- Urban national average Cost-to-Charge Ratio (CCR) is 0.394
- Rural national average CCR is 0.478
- The Low Income Patient (LIP) Adjustment is 0.3177
- The teaching adjustment is 1.0163
- The rural adjustment is 1.149

[Section 1886\(j\)\(7\)\(A\)\(i\) of the Social Security Act](#) requires application of a 2-percentage point reduction of the applicable market basket increase factor for IRFs that fail to comply with the

quality data submission requirements. We'll apply the mandated reduction in FY 2022 for IRFs that fail to comply with these requirements during the data collection period of January 1, 2020, through December 31, 2020.

We'll apply a 2-percentage point reduction to the applicable FY 2022 market basket increase factor (1.9 %) to payments for those IRFs that failed to comply with the data submission requirements.

This may result in an update that is less than 0.0 for a FY. This means payment rates for a FY may be less than such payment rates for the previous FY. Also, reporting-based reductions to the market basket increase factor aren't cumulative. They only apply for the relevant FY.

For example, any IRF that failed to meet the quality reporting requirements for the period from January 1, 2020, through December 31, 2020 will be \$16,901.

More Information

We issued [CR 12364](#) to your MAC as the official instruction for this change.

For more information, contact your [MAC](#).

Document History

Date of Change	Description
August 12, 2021	Initial article released.

Disclaimer: Paid for by the Department of Health & Human Services. This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2020 American Medical Association. All rights reserved.

Copyright © 2013-2021, the American Hospital Association, Chicago, Illinois. Reproduced by CMS with permission. No portion of the AHA copyrighted materials contained within this publication may be copied without the express written consent of the AHA. AHA copyrighted materials including the UB-04 codes and descriptions may not be removed, copied, or utilized within any software, product, service, solution or derivative work without the written consent of the AHA. If an entity wishes to utilize any AHA materials, please contact the AHA at 312-893-6816. Making copies or utilizing the content of the UB-04 Manual, including the codes and/or descriptions, for internal purposes, resale and/or to be used in any product or publication; creating any modified or derivative work of the UB-04 Manual and/or codes and descriptions; and/or making any commercial use of UB-04 Manual or any portion thereof, including the codes and/or descriptions, is only authorized with an express license from the American Hospital Association. To license the electronic data file of UB-04 Data Specifications, contact Tim Carlson at (312) 893-6816. You may also contact us at ub04@healthforum.com

The American Hospital Association (the "AHA") has not reviewed, and is not responsible for, the completeness or accuracy of any information contained in this material, nor was the AHA or any of its affiliates, involved in the preparation of this material, or the analysis of information provided in the material. The views and/or positions presented in the material do not necessarily represent the views of the AHA. CMS and its products and services are not endorsed by the AHA or any of its affiliates.