

Centers for Medicare & Medicaid Services

Rural Health Open Door Forum

Moderator: Jill Darling

April 21, 2022

2:00 pm ET

Coordinator: Welcome and thank you for standing by. At this time, all participants are in a listen-only mode until the question-and-answers conference. At that time, you may press star 1 on your phone to ask a question. I would like to inform all parties that today's conference is being recorded. If you have any objections, you may disconnect at this time. I will turn today's call over to Jill Darling. Thank you. You may begin.

Jill Darling: Great, thank you, (Denise). Good morning and good afternoon everyone. Welcome to today's Rural Health Open Door Forum.

Before we get into the agenda today, I have one brief announcement. This open door forum is open to everyone. But if you are a member of the press, you may listen in. But please refrain from asking questions during the Q&A portion of the call. If you do have any inquiries, please contact CMS at [Press@cms.hhs.gov](mailto:Press@cms.hhs.gov).

And I will hand the call off to co-chair, Ing-Jye Cheng.

Ing-Jye Cheng: Good afternoon everybody and good morning to our colleagues on the West Coast. We've got an exciting agenda today with some of the upcoming payment rules for Medicare for the coming federal fiscal year. So federal fiscal year 2023, we recently released three proposed payment rules for

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Medicare and have some staff here to provide you with an overview of those rules. And obviously we'll have question and answers at the end to make sure we can hear your concerns and provide responses if we can today on the phone and if not, get back to you later over e-mail or at a subsequent call.

So, with that, I'm going to turn it over to Susan Bauhaus for the Fiscal Year 2023 Hospice Rule Update.

Susan Bauhaus: Thank you, Ing-Jye. Good afternoon.

On April 4th, as Ing-Jye noted, CMS published the Fiscal Year 2023 Hospice Proposed Rule. This proposed rule set forth routine hospice payment rate and aggregate cap proposals for fiscal year 2023 in accordance with existing statutory and regulatory requirements. CMS projects a 2.7%, or a 580 million dollar increase in hospice provider payments for fiscal year 2023.

The proposed 2.7% hospice payment update for fiscal year 2023 is based on an estimated 3.1% inpatient hospital market basket update, reduced by a productivity adjustment currently estimated to be 0.4%.

The proposed cap amount for fiscal year 2023 is \$32,142.65, which is the fiscal year 2022 cap amount of \$31,297.61, increased by 2.7%. The rule also proposes a permanent cap on negative wage index changes greater than a 5% decrease from the prior year regardless of the underlying reason for the decrease. This would be implemented in a budget-neutral manner and would smooth the impact of year-to-year changes in hospice payments related to changes in the hospice wage index.

Comments on this proposed rule can be submitted by mail or electronically to regulations.gov and are due by May 31.

I'm going to pass it to Kim Schwartz who has updates on the 2023 IRF Payment Rule.

Kim Schwartz: Hi, thanks, Susan. This is Kim Schwartz.

On March 31, 2022, CMS issued the Fiscal Year 2023 IRF PPS Proposed Rules to update IRF PPS payment rates and the IRF Quality Reporting Program.

We encourage you to review the rule and submit formal comments by May 31st of 2022.

For the fiscal year 2023, CMS is proposing to update the IRF PPS payment rates by 2.8% based on the IRF market basket update of 3.2% less a 0.4-percentage-point productivity adjustment.

CMS is proposing that if more recent data becomes available, for example, a more recent estimate of the market basket update or productivity adjustment, we would use these data, if appropriate, to determine the fiscal year 2023 market basket update and the productivity 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 will

result in a 0.8-percentage-point decrease in outlier payments. We estimate that overall IRF payments for the fiscal year 2023 would increase by 2.0%, or \$170 million, relative to payments in the fiscal year 2022.

Additionally, we're proposing the following: as Susan noted, we also are proposing a permanent cap on the wage index decreases. In order to mitigate instability in IRF payments due to significant wage index decreases that may affect providers in any given year, we are proposing a permanent 5% cap on annual wage index decreases to smooth year-to-year changes in providers' wage index payments.

We also are soliciting comments on the Office of Inspector General recommendations to include home health in the IRF transfer policy.

A recent Office of Inspector General report that evaluated early discharges from IRF to home health recommended that CMS expand the IRF transfer payment policy to apply to early discharges to home health. To assist us in balancing the needs of the patient while at the same time ensuring the integrity of the Medicare program, we are seeking feedback from stakeholders about potentially including home health in the IRF transfer payment policy, as recommended by OIG. We plan to analyze home health claims to determine the appropriateness of including home health in the IRF transfer policy and are seeking comment to inform this future analysis and any potential future rulemaking.

We are soliciting comments on the methodology for updating the facility level adjustment factors, specifically the rural, low income and teaching status adjustments.

CMS is seeking public comments regarding the methodology used to determine the facility-level adjustment factors and suggestions for what may be driving the variability in the IRF teaching status adjustment factor.

And lastly, we are - related to the IRF Teaching Status Adjustment Policy, we are proposing to codify our longstanding IRF teaching status adjustment policy in regulation and clarify certain teaching status adjustment policies.

That completes IRF updates related to our proposed rule. And I will turn it - this over to Nicolas Brock.

Nicolas Brock: Thanks, Kim. Good afternoon.

The Inpatient Psychiatric Facilities Prospective Payment System Proposed Rule outlines policy and payment changes for fiscal year 2023 for inpatient psychiatric facilities, or IPFs. This proposed rule displayed on March 31, 2022 and has a 60-day comment period that ends May 31, 2022.

The rule includes annual updates to the prospective payment rates, the outlier threshold, the IPF market basket, the IPF PPS wage index and associated impact analysis. In addition, the rule includes a comment solicitation regarding data analysis of the IPF PPS payment adjustments and a proposal to establish a permanent cap on wage index decreases. This rule also includes a

request for information on measuring equity and health quality disparities across CMS quality programs which (Lauren) will discuss later in the agenda.

First, the proposed IPF PPS Annual Updates include the following: We proposed to update the IPF PPS payment rates for FY 2023 by 2.7%, which is based on a proposed IPF market basket update of 3.1% reduced by a 0.4 percentage-point multifactor productivity adjustment. We also proposed to update the outlier threshold to maintain estimated outlier payments at 2% of total payments. Lastly, we proposed an increase to the labor-related share from 77.2% in FY 2022 to 77.4% for FY 2023.

We estimate that these proposed annual updates would increase IPF payments for FY 2023 by approximately 1.5%, or \$50 million. This reflects the \$90-million increase in payments due to the proposed productivity adjusted market basket update and a \$40-million decrease due to the proposed update to the outlier threshold.

We estimate a 1.7% increase in payments to rural IPFs and a 1.4% increase to payments in urban areas relative to FY 2022 payments. This higher estimated increase in payments to rural providers is due primarily to the proposed changes to the wage index for FY 2023.

Second, we are proposing for FY 2023 and subsequent years to apply a permanent 5% cap on year-to-year wage index decreases. The proposed cap would smooth the impact of year-to-year fluctuations in payments related to the wage index and mitigate instability in IPF PPS payments caused by significant wage index decreases.

In addition, the FY 2023 IPF PPS Proposed Rule includes a comment solicitation on data analysis of IPF PPS payment adjustments. We're soliciting comments on the results of data analysis of the IPF PPS adjustment factors. These results are described in a technical report which we have posted to the CMS Web site. In the agenda for this Rural Health Open Door forum, you'll find the links to the Web page where this report can be found. A link is also available in the proposed rule.

This updated analysis finds that the existing IPF PPS model continues to be generally appropriate in terms of effectively aligning IPF PPS payments with the cost of providing IPF services, but suggests that certain updates to the codes, categories, adjustment factors and ECT payment amount per treatment could improve payment accuracy. We are requesting comments on the results of our latest analysis as summarized in the report.

In addition, we're requesting comments on certain areas where we believe additional research is needed. These areas include the cost associated with social determinants of health and cost associated with the percentage of low-income patients that IPFs treat.

That concludes the discussion for the payment policy portion for this open door forum. I'd like to turn it over to my colleague in CCSQ, (Lauren), to continue.

(Lauren):           Thank you, Nick.

So, in the IPF PPS, CMS is seeking comment via a request for information on considerations for advancing the use of measurement and stratification as tools to address and advance healthcare equity within the Inpatient Psychiatric Facility Quality Reporting Program.

We are seeking comments on the following areas: the identification of goals and approaches for measuring healthcare disparities and using measure stratification, guiding principles for selecting and prioritizing measures for disparity reporting, principles for social risk factor and demographic data selection and use, identification of meaningful performance differences, and guiding principles reporting disparity results.

We believe that comments that we receive will help us inform equity efforts as they relate to behavioral health and this quality reporting program.

The IPFQR Program had no other proposals or updates. So, with that, I will turn things back over to Jill.

Jill Darling: Great, thank, (Lauren), Nick, Kim and Susan.

We will now go into our Q&A. So, (Denise), will you please open the line?

Coordinator: Thank you. If - question, please press star 1. Unmute your phone and record your name clearly. If you need to withdraw your question, it is star 2. It does take a few moments for the questions to come through. We do have today's first question from (Lisa Woolery). Your line is open.

(Lisa Woolery): Hi, thank you. I just have a question because I'm a little confused. I thought this was the Home Health and Hospice forum. But you're talking about IRF. Is this the wrong call?

Jill Darling: Hi, this is Jill Darling. Today is the Rural Health Open Door Forum. Yesterday was the Home Health Open Door Forum.

(Lisa Woolery): Okay. I apologize.

Jill Darling: No worries. No worries. So, for the Home Health, we're working on the transcript to getting that posted. So, if you wanted to review that, you could. So just give us some time to get the review then.

(Lisa Woolery): Okay, great. Thanks so much.

Jill Darling: You're welcome.

Coordinator: And as a reminder, it is star 1 if you'd like to ask a question. I currently have no questions.

Jill Darling: I will pass it to (John) or to Ing-Jye for any closing remarks and to thank you to our speakers again.

Ing-Jye Cheng: This is Ing-Jye. Thank you so much, Jill, and thank you to our presenters. Excuse me. And currently understand that there is a lot of material that the agency provides to the public and to interested parties. And so, as you all digest that material and information or review any information you might be

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receiving from CMS, please do be in touch. And I'll ask Jill to provide the e-mail address at the end if you've got any questions or concerns that you'd like to share or information that you like to get from us.

So, Jill, if you don't mind sharing the e-mail.

Jill Darling: Sure. It's [RuralHealthODF@cms.hhs.gov](mailto:RuralHealthODF@cms.hhs.gov). It's on the agenda. We never take it off. It's always there. So please utilize it.

And thank you everyone and have a wonderful day.

Coordinator: Thank you. That does conclude today's conference and thank you participating. You may now disconnect at this time.

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