

Washington Bulletin

Health care legislative and regulatory update



By Larry Goldberg
Senior adviser for health care
legislative and regulatory matters

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CMS Issues FY 2011 IRF PPS Update; Includes Changes to FY 2010

The Centers for Medicare and Medicaid Services have released a final notice updating the fiscal year (FY) 2011 inpatient rehabilitation facilities (IRFs) prospective payment system (PPS). A [copy](#) is available on the *Federal Register* web site with publication scheduled for July 22.

The rule updates the prospective payment rates for IRFs for FY 2011, and contains the changes mandated by the **Affordable Health Act** (ACA) regarding both FY 2010 and FY 2011 reductions to the market basket rates-of-increase.

The FY 2010 changes are effective with discharge on and after April 1 through September 30, 2010. The revised FY 2010 conversion factor is **\$13,627**.

FY 2011 Conversion Factor

The FY 2011 conversion is \$13,860. It was computed as follows.

Explanation for Adjustment	Calculations	
Standard Payment Conversion Factor for FY 2010	\$13,627	
Market Basket Increase Factor for FY 2011 (2.5 percent), reduced by 0.25 percentage point in accordance with sections 1886(j)(3)(C) and (D) of the Act	x	1.0225
Budget Neutrality Factor for the Wage Index and Labor-Related Share	x	1.0005
Budget Neutrality Factor for the Revisions to the CMG Relative Weights	x	0.9942
Final FY 2011 Standard Payment Conversion Factor	=	\$13,860

Comment

CMS says there are no policy changes being made in this notice. The market basket update is 2.5 percent reduced 0.25 percent by the ACA, or 2.25 percent.

It is interesting to note that the CMS Administrator approved the document in May and it has taken 3 additional months to be issued. Perhaps that explains why CMS is using this vehicle to convey the FY 2010 changes mandated by the ACA at this late stage.

Update to the Case-Mix Group (CMG) Relative Weights and Average Length of Stay Values

CMS says it is updating the CMG relative weights for FY 2011 in such a way that total estimated aggregate payments to IRFs for FY 2011 are the same with or without the changes (that is, in a budget neutral manner) by applying a budget neutrality factor to the standard payment amount.

The CMG relative weights and average length of stay values are presented in the table below.

Relative Weights and Average Length of Stay Values for Case-Mix Groups

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
101	Stroke M>51.05	0.8035	0.7197	0.6454	0.6096	10	10	9	8
102	Stroke M>44.45 and M<51.05 and C>18.5	0.9917	0.8883	0.7966	0.7524	12	12	11	10
103	Stroke M>44.45 and M<51.05 and C<18.5	1.1439	1.0245	0.9188	0.8678	13	14	12	12
104	Stroke M>38.85 and M<44.45	1.2393	1.110	0.9954	0.9402	15	15	13	12
105	Stroke M>34.25 and M<38.85	1.4613	1.3088	1.1737	1.1086	15	15	15	14
106	Stroke M>30.05 and M<34.25	1.6711	1.4968	1.3422	1.2678	20	19	17	16
107	Stroke M>26.15 and M<30.05	1.8917	1.6943	1.5193	1.4351	21	21	18	18
108	Stroke M<26.15 and A>84.5	2.2976	2.0579	1.8454	1.7431	28	24	22	22
109	Stroke M>22.35 and M<26.15 and A<84.5	2.2017	1.9719	1.7683	1.6703	23	23	20	21
110	Stroke M<22.35 and A<84.5	2.7847	2.4941	2.2366	2.1126	35	29	26	25
402	Traumatic spinal cord injury M>30.35 and M<48.45	1.2272	1.1042	1.092	0.9792	17	15	14	13
403	Traumatic spinal cord injury M>16.05 and M<30.35	2.064	1.8572	1.8367	1.6468	28	22	22	21
404	Traumatic spinal cord injury M<16.05 and A>63.5	3.6601	3.2935	3.257	2.9204	53	44	34	34
405	Traumatic spinal cord injury M<16.05 and A<63.5	2.7859	2.5068	2.479	2.2228	44	23	29	27
501	Non-traumatic spinal cord injury M>51.35	0.7224	0.6359	0.5858	0.5234	10	10	8	8
502	Non-traumatic spinal cord injury M>40.15 and M<51.35	1.0044	0.8843	0.8146	0.7278	15	11	11	10
503	Non-traumatic spinal cord injury M>31.25 and M<40.15	1.3203	1.1624	1.0707	0.9566	18	15	13	12
504	Non-traumatic spinal cord injury M>29.25 and M<31.25	1.5694	1.3816	1.2727	1.1371	21	18	16	14
505	Non-traumatic spinal cord injury M>23.75 and M<29.25	1.8049	1.5889	1.4637	1.3077	23	19	18	17
506	Non-traumatic spinal cord injury M<23.75	2.5700	2.2625	2.0842	1.8621	36	28	24	23
804	Replacement of lower extremity joint M>28.65 and M<37.05 and A<83.5	0.9373	0.9373	0.8753	0.795	11	12	11	10
805	Replacement of lower extremity joint M>22.05 and M<28.65	1.1791	1.1791	1.1011	1.000	14	16	13	13

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
806	Replacement of lower extremity joint M<22.05	1.4454	1.4454	1.3497	1.2259	15	18	16	15
901	Other orthopedic M>44.75	0.8530	0.7310	0.6814	0.6074	10	10	9	9
902	Other orthopedic M>34.35 and M<44.75	1.1409	0.9776	0.9113	0.8124	12	12	12	11
903	Other orthopedic M>24.15 and M<34.35	1.4777	1.2663	1.1804	1.0522	18	16	15	14
904	Other orthopedic M<24.15	1.9257	1.6502	1.5383	1.3712	24	21	18	17
1001	Amputation, lower extremity M>47.65	0.9153	0.9055	0.8189	0.7246	12	12	10	10
1002	Amputation, lower extremity M>36.25 and M<47.65	1.1931	1.1803	1.0675	0.9445	15	15	13	12
1003	Amputation, lower extremity M<36.25	1.7701	1.7512	1.5837	1.4013	19	20	18	17
1101	Amputation, non-lower extremity M>36.35	1.1629	1.1629	1.0214	0.8868	12	14	13	11
1602	Pain syndrome M>26.75 and M<37.15	1.1215	1.1215	1.0865	0.9756	10	16	14	13
1603	Pain syndrome M<26.75	1.4409	1.4409	1.3959	1.2535	11	20	17	16
1701	Major multiple trauma without brain or spinal cord injury M>39.25	1.0342	0.9632	0.8381	0.7368	12	12	11	10
1702	Major multiple trauma without brain or spinal cord injury M>31.05 and M<39.25	1.3447	1.2523	1.0896	0.958	15	16	14	13
1703	Major multiple trauma without brain or spinal cord injury M>25.55 and M<31.05	1.5914	1.482	1.2895	1.1337	17	19	16	15
1704	Major multiple trauma without brain or spinal cord injury M<25.55	2.0814	1.9383	1.6865	1.4827	25	24	20	18
1801	Major multiple trauma with brain or spinal cord injury M>40.85	1.1348	0.9797	0.8724	0.7321	16	12	12	10
1802	Major multiple trauma with brain or spinal cord injury M>23.05 and M<40.85	1.8183	1.5698	1.3980	1.1731	21	17	16	15
1803	Major multiple trauma with brain or spinal cord injury M<23.05	3.1861	2.7506	2.4495	2.0555	40	36	28	25
1901	Guillain Barre M>35.95	1.1154	1.1154	0.9512	0.8537	13	14	11	12
1902	Guillain Barre M>18.05 and M<35.95	2.1341	2.1341	1.8197	1.6332	23	23	22	20

CMG	CMG Description (M=motor, C=cognitive, A=age)	Relative weight				Average length of stay			
		Tier1	Tier2	Tier3	None	Tier1	Tier2	Tier3	None
1903	Guillain Barre M<18.05	3.2595	3.2595	2.7794	2.4946	26	28	32	31
2001	Miscellaneous M>49.15	0.8409	0.7437	0.6700	0.6014	11	10	9	8
2002	Miscellaneous M>38.75 and M<49.15	1.1329	1.0019	0.9025	0.8102	12	12	11	11
2003	Miscellaneous M>27.85 and M<38.75	1.4437	1.2768	1.1502	1.0325	16	15	14	13
2004	Miscellaneous M<27.85	1.9274	1.7045	1.5355	1.3784	24	20	18	17
2101	Burns M>0	2.8363	2.1611	2.1611	1.7529	25	19	24	16
5001	Short-stay cases, length of stay is 3 days or fewer	0.1450							3
5101	Expired, orthopedic, length of stay is 13 days or fewer	0.5356							7
5102	Expired, orthopedic, length of stay is 14 days or more	1.5816							20
5103	Expired, not orthopedic, length of stay is 15 days or fewer	0.7312							9
5104	Expired, not orthopedic, length of stay is 16 days or more	1.8759							23

FY 2010 IRF PPS Federal Prospective Payment Rates

CMS notes that the ACA requires the market basket increase factor to be reduced by 0.25 percentage points for FY 2010 and FY 2011. The adjusted FY 2010 market basket increase factor is only applied to discharges on or after April 1, 2010.

Revising the market basket increase factor for FY 2010 from 2.5 percent to 2.25 percent changes the FY 2010 standard payment conversion factor from the \$13,661 that was published in the FY 2010 IRF PPS final rule to **\$13,627**. This change also affects the outlier threshold amount for FY 2010, and CMS has revised the IRF outlier threshold amount from \$10,652 that was published in the FY 2010 IRF PPS final rule to **\$10,721** for FY 2010 IRF discharges occurring on and after April 1, 2010 through September 30, 2010.

Area Wage Index and Labor-Related Share Adjustments

The FY 2011 Rehabilitation, Psychiatric, and Long-Term Care Hospital Market Basket (RPL) labor-related share is **75.779** percent.

The area wage index values are located in the Notice's Addendum 1 and 2.

FY 2011 IRF PPS Federal Prospective Payment Rates

The FY 2011 market basket increase factor is 2.5 percent. Reducing the market basket by the ACA's 0.25 percent, results in a FY 2011 update of 2.25 percent.

After the application of the CMG relative weights, the resulting unadjusted IRF prospective payment rates for FY 2011 are as follows:

FY 2011 Payment Rates

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
101	\$11,136.51	\$9,975.04	\$8,945.24	\$8,449.06
102	\$13,744.96	\$12,311.84	\$11,040.88	\$10,428.26
103	\$15,854.45	\$14,199.57	\$12,734.57	\$12,027.71
104	\$17,176.70	\$15,384.60	\$13,796.24	\$13,031.17
105	\$20,253.62	\$18,139.97	\$16,267.48	\$15,365.20
106	\$23,161.45	\$20,745.65	\$18,602.89	\$17,571.71
107	\$26,218.96	\$23,483.00	\$21,057.50	\$19,890.49
108	\$31,844.74	\$28,522.49	\$25,577.24	\$24,159.37
109	\$30,515.56	\$27,330.53	\$24,508.64	\$23,150.36
110	\$38,595.94	\$34,568.23	\$30,999.28	\$29,280.64
201	\$10,688.83	\$8,654.18	\$8,072.06	\$7,243.24
202	\$14,432.42	\$11,683.98	\$10,899.50	\$9,779.62
203	\$16,627.84	\$13,462.22	\$12,557.16	\$11,268.18
204	\$18,688.82	\$15,130.96	\$14,113.64	\$12,665.27
205	\$22,248.07	\$18,012.46	\$16,801.09	\$15,076.91
206	\$28,004.13	\$22,673.57	\$21,148.97	\$18,977.11
207	\$38,279.93	\$30,992.35	\$28,909.19	\$25,940.38
301	\$15,027.01	\$13,137.89	\$11,808.72	\$10,875.94
302	\$18,939.69	\$16,558.54	\$14,884.25	\$13,707.54
303	\$22,550.22	\$19,714.46	\$17,720.01	\$16,320.15
304	\$30,924.43	\$27,035.32	\$24,300.74	\$22,379.74
401	\$11,534.29	\$10,378.37	\$10,263.33	\$9,203.04
402	\$17,008.99	\$15,304.21	\$15,135.12	\$13,571.71
403	\$28,607.04	\$25,740.79	\$25,456.66	\$22,824.65
404	\$50,728.99	\$45,647.91	\$45,142.02	\$40,476.74
405	\$38,612.57	\$34,744.25	\$34,358.94	\$30,808.01
501	\$10,012.46	\$8,813.57	\$8,119.19	\$7,254.32
502	\$13,920.98	\$12,256.40	\$11,290.36	\$10,087.31
503	\$18,299.36	\$16,110.86	\$14,839.90	\$13,258.48
504	\$21,751.88	\$19,148.98	\$17,639.62	\$15,760.21
505	\$25,015.91	\$22,022.15	\$20,286.88	\$18,124.72
506	\$35,620.20	\$31,358.25	\$28,887.01	\$25,808.71

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
601	\$14,142.74	\$11,573.10	\$10,256.40	\$9,162.85
602	\$18,676.35	\$15,283.42	\$13,545.38	\$12,101.17
603	\$23,663.18	\$19,363.81	\$17,161.45	\$15,331.93
604	\$31,589.71	\$25,851.67	\$22,910.58	\$20,467.06
701	\$12,307.68	\$10,900.89	\$10,483.70	\$9,302.83
702	\$16,101.16	\$14,261.94	\$13,715.86	\$12,170.47
703	\$19,480.23	\$17,254.31	\$16,593.19	\$14,724.86
704	\$24,832.96	\$21,995.82	\$21,153.13	\$18,770.60
801	\$7,810.11	\$7,810.11	\$7,293.13	\$6,623.69
802	\$10,613.99	\$10,613.99	\$9,911.29	\$9,002.07
803	\$14,514.19	\$14,514.19	\$13,553.69	\$12,309.07
804	\$12,990.98	\$12,990.98	\$12,131.66	\$11,018.70
805	\$16,342.33	\$16,342.33	\$15,261.25	\$13,860.00
806	\$20,033.24	\$20,033.24	\$18,706.84	\$16,990.97
901	\$11,822.58	\$10,131.66	\$9,444.20	\$8,418.56
902	\$15,812.87	\$13,549.54	\$12,630.62	\$11,259.86
903	\$20,480.92	\$17,550.92	\$16,360.34	\$14,583.49
904	\$26,690.20	\$22,871.77	\$21,320.84	\$19,004.83
1001	\$12,686.06	\$12,550.23	\$11,349.95	\$10,042.96
1002	\$16,536.37	\$16,358.96	\$14,795.55	\$13,090.77
1003	\$24,533.59	\$24,271.63	\$21,950.08	\$19,422.02
1101	\$16,117.79	\$16,117.79	\$14,156.60	\$12,291.05
1102	\$22,493.39	\$22,493.39	\$19,754.66	\$17,151.75
1201	\$13,618.84	\$13,021.47	\$11,660.42	\$10,705.46
1202	\$16,899.50	\$16,159.37	\$14,469.84	\$13,284.81
1203	\$20,989.58	\$20,069.28	\$17,970.88	\$16,498.94
1301	\$12,098.39	\$12,098.39	\$11,948.71	\$10,848.22
1302	\$16,235.60	\$16,235.60	\$16,034.63	\$14,558.54
1303	\$21,273.71	\$21,273.71	\$21,008.99	\$19,074.13
1401	\$10,975.73	\$10,091.47	\$8,982.67	\$8,056.82
1402	\$15,139.28	\$13,920.98	\$12,390.84	\$11,112.95
1403	\$18,411.62	\$16,929.99	\$15,069.98	\$13,516.27
1404	\$23,963.94	\$22,034.63	\$19,614.67	\$17,591.11

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
1501	\$13,197.49	\$11,714.47	\$9,975.04	\$9,611.91
1502	\$17,598.04	\$15,621.61	\$13,301.44	\$12,816.34
1503	\$21,627.14	\$19,197.49	\$16,345.10	\$15,750.50
1504	\$27,613.28	\$24,511.41	\$20,870.39	\$20,110.86
1601	\$11,560.63	\$11,560.63	\$11,198.88	\$10,056.82
1602	\$15,543.99	\$15,543.99	\$15,058.89	\$13,521.82
1603	\$19,970.87	\$19,970.87	\$19,347.17	\$17,373.51
1701	\$14,334.01	\$13,349.95	\$11,616.07	\$10,212.05
1702	\$18,637.54	\$17,356.88	\$15,101.86	\$13,277.88
1703	\$22,056.80	\$20,540.52	\$17,872.47	\$15,713.08
1704	\$28,848.20	\$26,864.84	\$23,374.89	\$20,550.22
1801	\$15,728.33	\$13,578.64	\$12,091.46	\$10,146.91
1802	\$25,201.64	\$21,757.43	\$19,376.28	\$16,259.17
1803	\$44,159.35	\$38,123.32	\$33,950.07	\$28,489.23
1901	\$15,459.44	\$15,459.44	\$13,183.63	\$11,832.28
1902	\$29,578.63	\$29,578.63	\$25,221.04	\$22,636.15
1903	\$45,176.67	\$45,176.67	\$38,522.48	\$34,575.16
2001	\$11,654.87	\$10,307.68	\$9,286.20	\$8,335.40
2002	\$15,701.99	\$13,886.33	\$12,508.65	\$11,229.37
2003	\$20,009.68	\$17,696.45	\$15,941.77	\$14,310.45
2004	\$26,713.76	\$23,624.37	\$21,282.03	\$19,104.62
2101	\$39,311.12	\$29,952.85	\$29,952.85	\$24,295.19
5001	-			\$2,009.70
5101	-			\$7,423.42
5102	-			\$21,920.98
5103	-			\$10,134.43
5104	-			\$25,999.97

Update to Payments for High-Cost Outliers under the IRF PPS for FY 2011

The outlier threshold amount of \$10,721 for discharges occurring on or after April 1, 2010 will be changed to \$11,410 in FY 2011 “to reduce estimated outlier payments and thereby maintain estimated outlier payments at 3.0 percent of total estimated aggregate IRF payments for FY 2011.”

Update to the IRF Cost-to-Charge Ratio (CCR) Ceilings

For FY 2011, CMS says the national average urban CCR is 0.489 and the national average rural CCR is 0.620. The IRF national CCR ceiling is 2.94.

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