

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 12173	Date: August 3, 2023
	Change Request 13266

SUBJECT: Inpatient Rehabilitation Facility (IRF) Annual Update: Prospective Payment System (PPS) Pricer Changes for Fiscal Year (FY) 2024

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to notify contractors that a new IRF PRICER software package will be released prior to October 1, 2023, that will contain the updated rates that are effective for claims with discharges that fall within October 1, 2023, through September 30, 2024. The update can be found in Chapter 3, section 140.2 of publication 100-04 Medicare Claims Processing Manual.

EFFECTIVE DATE: October 1, 2023

**Unless otherwise specified, the effective date is the date of service.*

IMPLEMENTATION DATE: October 2, 2023

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revise information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	N/A

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Recurring Update Notification

Attachment - Recurring Update Notification

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EFFECTIVE DATE: October 1, 2023

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I. GENERAL INFORMATION

A. Background: On August 7, 2001, CMS published in the Federal Register a final rule that established the PPS for IRFs, as authorized under Subsection (§)1886(j) of the Social Security Act (the Act). In that final rule, CMS set forth per discharge Federal rates for Federal FY 2002. These IRF PPS payment rates became effective for cost reporting periods beginning on or after January 1, 2002. Annual updates to the IRF PPS rates are required by §1886(j)(3)(C) of the Act.

B. Policy: Each July, the Centers for Medicare & Medicaid Services (CMS) publishes the IRF payment rates for the upcoming FY (that is, October 1, 2023 through September 30, 2024) in the Federal Register, available online at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/InpatientRehabFacPPS/IRF-Rules-and-Related-Files>. The payment rates will be effective October 1, 2023.

Provider Specific File (PSF) Updates

Effective FY 2023, a permanent five (5) percent cap was adopted and applied to all Inpatient Rehabilitation Facility providers on any decrease to a provider's final wage index from that provider's final wage index of the prior fiscal year. Under the 5 percent cap policy, a new IRF that opens during FY 2024 would be paid the wage index for the area in which it is geographically located for its first full or partial FY with no cap applied because a new IRF would not have a wage index in the prior FY. To implement this policy for FY 2024, the following fields will be updated in the Provider Specific File:

1. Supplemental Wage Index - used for the prior fiscal year wage index value.
2. Supplemental Wage Index Indicator - used to indicate the value in the "Supplemental Wage Index" field is the prior fiscal year wage index.

Medicare Administrative Contractors must update the "Supplemental Wage Index" and "Supplemental Wage Index Indicator" for all the IRF providers who were active in FY 2023.

Medicare Administrative Contractors must follow the steps below to ensure the appropriate values are applied in the Supplemental Wage Index and Supplemental Wage Indicator fields:

1. If the provider was not active for FY 2023, then skip all of the below steps and leave the "Supplemental Wage Index" and "Supplemental Wage Index Indicator" fields blank. If the provider was active for FY 2023, then follow the steps below.
2. Update the value of "Supplemental Wage Index Indicator" to be "1".
3. Validate the accuracy of the provider's FIPS state and county codes.
4. Validate the accuracy of the provider's FY 2023 Core Based Statistical Areas (CBSA) based on the provider's FIPS state and county codes and the CBSA delineations defined in the Office of Management and Budget (OMB) Bulletin No. 18-04.

5. Identify the FY 2023 IRF wage index calculated by the Pricer software and used to pay claims for each provider in FY 2023, and add this wage index value to “Supplemental Wage Index” field.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
13266.1	Medicare Contractors shall perform the updates as outlined in the policy section, item 1 “PSF Updates” of this notification. Medicare Contractors shall update ALL relevant portions of the PSF in accordance with this CR by October 1, 2023.	X				X				
13266.2	As specified in publication 100-04, Medicare Claims Processing Manual, chapter 3, section 20.2.3.1, Medicare contractors shall maintain the accuracy of the data and update the PSF file as changes occur in data element values.	X								

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
13266.3	Medicare Learning Network® (MLN): CMS will market provider education content through the MLN Connects® newsletter shortly after CMS releases the CR. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 instructions for distributing the MLN Connects newsletter information to providers and link to relevant information on your website. You may supplement MLN content with your local information after we release the MLN Connects newsletter. Subscribe to the “MLN Connects” listserv to get MLN content notifications. You don’t need to separately track and report MLN content releases when you distribute MLN Connects newsletter content per the manual section referenced above.	X				

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
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Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

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ATTACHMENTS: 0