Specifications for Determining

IRF "60% Rule" Compliance

The Centers for Medicare & Medicaid Services

October 1, 2025

Revision History

Date	Revisions
09/26/2006	Initial release.
11/02/2006	Fixed errors in Appendix C. The following ICD-9-CM code was ***deleted*** from Appendix C: • 066.4 The following ICD-9-CM codes were ***added*** to Appendix C: • 359.81 • 359.89 • 852.29 In addition, one code (438.40) was out of order in the earlier version and was moved so that the list is in the proper sort order.
10/07/2007	Changes made to Appendix B: • Row 8 (impairment group 0002.1). Changed order of diagnosis codes in Columns C, D, and E so they are in numeric order (no change made to the actual codes listed). • Rows 15 through 23 (impairment groups 0004.110 through 0004.130). Replaced diagnosis code "724.0x" in Column D with diagnosis codes listed in Columns D through G. The purpose of this change is to explicitly list the diagnosis codes implied by "740.0x." This change was made for clarity. There is no change in the actual exclusion diagnosis codes. • Rows 24 through 32 (impairment groups 0004.210 through 0004.230). Deleted diagnosis codes 953.6 and 953.7 in Columns I and J. These are not valid diagnosis codes but were listed in error in previous versions. Diagnosis code 953.8 was moved to Column I to fill in the space left by the deleted codes. • Rows 53 through 55 (impairment groups codes 00014.1, 0014.2, and 0014.3). Added diagnosis codes in Columns C through G: 808.2, 808.3, 808.59, 808.8, and 808.9. These codes were omitted in error in previous versions. Changes made to Appendix C: • 17 ICD9 codes were added. Eight of these codes have start dates of 10/1/2006, meaning that they apply only to assessment records with a discharge date (Item 40) that is on or after 10/1/2006. Nine of these codes have start dates of 10/01/2007 meaning that they apply only to assessment records with a discharge date (Item 40) that is on or after 10/01/2007. 220 ICD9 codes were deleted. These ICD9 codes were listed in previous versions but are not valid ICD9 codes. They were therefore deleted from Appendix C. • Appendix C has a new tab ("Added and deleted codes") that lists the codes that were added and deleted.
10/1/2015	Updates made to reflect recent policy changes and IRF-PAI additions: • Option to use 2 time periods instead of 1 in determining an IRF's presumptive compliance with the 60 percent rule has been removed, in accordance with changes to Chapter 3, Section 140 of the Medicare Claims Processing Manual (Pub. 100-04) on April 22, 2013.

• Reflect addition of 15 more fields to item #24 (comorbidities) of the IRF-PAI, effective October 1, 2014.

• Reflect addition of 2 more fields to item #22 (etiologic diagnosis) of the IRF-PAI, effective October 1, 2015.

• Add Step 6: Verify Arthritis Cases. This additional step, which uses new item #24A of the IRF-PAI for compliance review periods beginning on or after October 1, 2015, enables the Medicare Administrative Contractor (MAC) to verify through medical review whether the IRF cases that would not otherwise meet the compliance criteria, and that have a "1 – Yes" marked in item #24A, meet the severity and prior treatment requirements in §140.1.1B-D of the Medicare Claims Processing Manual (Pub. 100-04).

Changes made to presumptive compliance criteria code lists to transition to the International Classification of Diseases, 10th Edition (ICD-10-CM) medical data code set:

Changes made to Appendix A:

• Appendix A: Compliance Review Periods has been removed.

• A new table, "Presumptive Methodology Files – Implementation of Changes" has been added.

Changes made to Appendix B:

• Appendix B is now referred to as "Impairment Group Codes That Meet Presumptive Compliance Criteria—ICD-10-CM."

• Impairment Group Codes That Meet Presumptive Compliance Criteria—ICD-10-CM is posted in two tables:
    o Impairment Group Codes That Meet Presumptive Compliance Criteria-1 (ICD-10-CM) This file contains the list of impairment group codes that are used for determining presumptive compliance with the IRF 60 percent rule and is reflective of the October 1, 2015, effective date for ICD-10-CM. This file will be effective from October 1, 2015, until the start of an IRF's next compliance review period when the Impairment Group Codes That Meet Presumptive Compliance Criteria-2 file will be used.
    o Impairment Group Codes That Meet Presumptive Compliance Criteria-2 (ICD-10-CM)This file contains the list of impairment group codes that are used for determining presumptive compliance with the IRF 60 percent rule and is reflective of the October 1, 2015, effective date for ICD-10-CM as well as the policy changes effective for compliance review periods beginning on or after October 1, 2015.

• Impairment Group Codes That Meet Presumptive Compliance Criteria—ICD-10-CM has a new format.

• Impairment group codes that meet presumptive compliance criteria, but do not have any etiological diagnosis code exclusions, are listed on one page.

• Impairment group codes with etiological diagnosis code exclusions are separately listed by each impairment group code. Etiological diagnosis code exclusions are listed under each. impairment group code.

	• The following impairment group codes have been removed from Impairment Group Codes That Meet Presumptive Compliance Criteria—ICD-10-CM:
	  o IGC 0005.1—Unilateral Upper Limb Above the Elbow (AE)
	  o IGC 0005.2—Unilateral Upper Limb Below the Elbow (BE)
	  o IGC 0006.1—Rheumatoid Arthritis
	  o IGC 0006.2—Other Arthritis
	
	 • New etiological diagnosis code exclusions have been added under certain IGCs.
	
	 • Impairment Group Codes That Meet Presumptive Compliance Criteria—ICD-10-CM includes some combination codes as etiological diagnosis code exclusions for certain IGCs. In terms of a coded record, this means that two or more ICD-10-CM codes may be required to capture the appropriate level of detail necessary to represent a diagnosis. Thus, an excluded combination code may be indicated in the table by two or more codes.
	
	 Changes to Appendix C:
	
	 • Appendix C is now referred to as "Presumptive Compliance (ICD-10-CM)."
	
	 • Presumptive Compliance (ICD-10-CM) is posted in two tables:
	  o Presumptive Compliance-1 (ICD-10-CM)This file contains the list of diagnoses (ICD-10-CM codes) that are used for determining presumptive compliance with the IRF 60 percent rule, and is reflective of the October 1, 2015, effective date for ICD-10-CM. This file will be effective from October 1, 2015, until the start of an IRF's next compliance review period when the Presumptive Compliance-2 file will be used.
	  o Presumptive Compliance-2 (ICD-10-CM)—This file contains the list of diagnoses (ICD-10-CM codes) that are used for determining presumptive compliance with the IRF 60 percent rule, and is reflective of the October 1, 2015 effective date for ICD- 10-CM as well as the policy changes effective for compliance review periods beginning on or after October 1, 2015.
	
	 • Presumptive Compliance (ICD-10-CM) has a new format.
	
	 • The ICD-10-CM diagnosis code *and* the ICD-10-CM diagnosis code title are listed.
	
	 • Presumptive Compliance (ICD-10-CM) includes some combination codes. In terms of a coded record, this means that two or more ICD-10-CM codes may be required to capture the appropriate level of detail necessary to represent a diagnosis. The combination codes are listed at the end of the table(s).

08/17/17	Changes to "Presumptive Compliance (ICD-10-CM)": • Presumptive Compliance (ICD-10-CM) is now posted in three tables. • A new table, "Presumptive Compliance-3 (ICD-10-CM)" has been added. • "Presumptive Compliance-3 (ICD-10-CM)" — This file contains the list of diagnoses (ICD-10-CM codes) that are used for determining presumptive compliance with the IRF 60 percent rule, and is reflective of the October 1, 2015 effective date for ICD-10-CM as well as the policy changes effective for discharges beginning on or after October 1, 2017. This file includes the addition of the major multiple trauma (MMT) lists that contain the ICD codes that

	are used in combination to indicate a diagnosis of multiple fractures including a lower extremity fracture that counts presumptively towards the 60 percent compliance threshold. The MMT list are as follows: MMT A—Major Multiple Trauma-Lower Extremity Fracture, MMT B—Major Multiple Trauma-Upper Extremity Fracture, and MMT C—Major Multiple Trauma-Ribs and Sternum Fracture. • Certain ICD-10-CM diagnosis codes that were on the file "Presumptive Compliance-2 (ICD-10-CM)" that are no longer valid have been removed from the file "Presumptive Compliance-3 (ICD-10-CM)". New ICD-10-CM diagnosis codes that have replaced invalid ICD-10-CM diagnosis codes have been added. Changes to "Impairment Group Codes That Meet Presumptive Compliance Criteria—ICD-10-CM": • A new table, "Impairment Group Codes That Meet Presumptive Compliance Criteria-3 (ICD-10-CM)" has been added. • Impairment Group Codes That Meet Presumptive Compliance Criteria—ICD-10-CM is now posted in three tables. • Impairment Group Codes That Meet Presumptive Compliance Criteria-3 (ICD-10-CM)— This file contains the list of impairment group codes that are used for determining presumptive compliance with the IRF 60 percent rule and is reflective of the October 1, 2015 effective date for ICD-10-CM as well as the policy changes effective for discharges beginning on or after October 1, 2017. • Etiological diagnosis code exclusions have been removed under certain IGCs. • Certain ICD-10-CM diagnosis codes that were on the file "Impairment Group Codes That Meet Presumptive Compliance Criteria-2 (ICD-10-CM)" that are no longer valid have been removed from the file "Impairment Group Codes That Meet Presumptive Compliance Criteria-3 (ICD-10-CM)".
08/21/18	• Change to instructions below on page 8. Under "Passed," 3rd bullet: "or" is removed; "and/or" is added to end of sentence. The sentence now reads as follows: • -- If there is a "yes" in the matching row in column, "Age Must be 85+," for the impairment group code, the resident's age at admission was 85 or above, and/or
04/05/2024	Changes to instructions for all payer information, Step 2 see page 8: • For the selected IRF-PAI to be included in the presumptive methodology compliance percentage calculation, items 20A/20B must equal 02 or 51 OR either A1400A or A1400B (or both) must be selected.

12/17/25	• **Presumptive Compliance-3 (ICD-10-CM)** - This file contains the list of diagnoses (ICD-10-CM codes) that are used for determining presumptive compliance with the IRF 60 percent rule, effective for discharges beginning on or after October 1, 2025. (Updated to reflect ICD-10-CM coding updates for October 1, 2025)
	    • **Presumptive Compliance Changes** - This file contains the list of diagnoses (ICD-10-CM codes) that have been added and/or removed from the list of diagnoses codes used for determining presumptive compliance with the IRF 60 percent rule. (For ICD-10-CM coding updates, see 2026 files).
	    • **Impairment Group Codes That Meet Presumptive Compliance Criteria-3 (ICD-10-**

	CM) - This file contains the list of impairment group codes that are used for determining presumptive compliance with the IRF 60 percent rule, effective for discharges beginning on or after October 1, 2025. (There are no ICD-10-CM coding updates to this file for October 1, 2025).
3/1/26	• Updated the introduction for the instructions for all payer information to include descriptions of Steps 6 and 7. • Changed to instructions for all payer information, Step 3, to correct the variable name to pc_status_test2 in 3.3.2.3.

Specifications for Determining IRF "60% Rule" Compliance

October 1, 2025

Introduction

The purpose of this document is to detail the steps described below that can be followed by software developers and others who wish to replicate CMS's procedures.

CMS has established procedures whereby Regional Offices and Medicare Administrative Contractors (MACs) determine whether facilities qualify as Inpatient Rehabilitation Facilities (IRFs). This determination is made on an annual basis at the beginning of each facility's cost reporting period and remains in effect for the duration of that cost reporting period. The "60% rule" is one criterion that is used to determine if a facility may be classified as an IRF. Application of this rule involves the following general steps:

1. A *compliance review period* is defined based upon the facility's cost reporting period to identify the compliance review periods that correspond to particular cost reporting periods. The compliance reporting review must align with the cost reporting period that an IRF can designate at any starting time in a 12-month calendar year. Each year's presumptive compliance files found here: CMS-1829-CN | CMS can be used to determine an IRF's cost reporting period. Please note that two files may need to be used if an IRF's cost reporting period crosses between two fiscal periods. Prior fiscal years can be found here: IRF Rules and Related Files | CMS.

2. All IRF-PAI assessments that meet one of the criteria below from a given compliance review period are selected.

   - IRF-PAI records with a Target Date (Item 40 - Discharge Date) prior to 10/01/2024 where items 20A or 20B equal 02 or 51

     AND/OR

   - IRF-PAI records with a Target Date (Item 40 - Discharge Date) on or after 10/01/2024 with A1400A = 1 or A1400B = 1 (checked)

3. Each selected assessment is categorized as either meeting or not meeting IRF criteria based upon the impairment groups and ICD-10 CM codes listed on the assessment.

4. A compliance percentage is calculated based upon the number of selected IRF-PAI assessments that met the IRF criteria.

5. If the IRF's calculated compliance percentage equals or exceeds 60 percent, then the facility presumptively meets the 60 percent rule. Whether the percentage equals or exceeds 60 percent or not, the MAC may always choose to determine compliance using the medical review methodology. If the percentage does not equal or exceed 60 percent, then the MAC must use the medical review methodology.

6. Verify through medical review whether IRF cases selected that would not otherwise meet the compliance criteria, and that have an arthritis indicated, meet the severity and prior treatment

requirements of qualifying arthritis cases.

7. Determine Whether the Facility Presumptively Meets the IRF Criteria

Step 1: Define the Compliance Review Period

Overview

All compliance review periods consist of a single time span. For "new" IRFs, the single time span may be 8 months in length, while the single time span is a full 12-month period for all other IRFs. Compliance Review Periods always start on the first day of the month and end on the last day of the month (that is, they always cover complete months).

Detailed Steps

To determine the compliance review period, follow the following process:

Determine the facility's upcoming cost reporting period to review for compliance. Let **cost_rpt_period_start** equal the first day of the upcoming cost reporting period.

Note the presumptive compliance codes are based on federal fiscal year (October 1 through September 30); therefore, depending on your compliance reporting period, you may need to reference more than one set of codes. For example, a cost reporting period that aligns with the calendar year of January 1 through December 31 would require presumptive code lists from two federal fiscal years: one that would cover January through September and the subsequent list that would cover October through December.

Step 2: Select IRF-PAI Assessments

Overview

Step 1 defines the compliance review periods that are used to select IRF-PAI assessments for evaluation.

The facility has the option of having records selected on the basis of either admission dates (Item 12 on the IRF-PAI) or discharge dates (Item 40 on the IRF-PAI). Thus, IRF-PAI records will be selected using one of the following two methods: (a) IRF-PAI records will be selected which have admission dates that fall within the compliance review period defined above **OR** (b) IRF-PAI records will be selected which have discharge dates that fall within the compliance review period.

The set of records that are selected for review (from the compliance review period) is labelled rstRevPeriod1

Step 2 defines the Payer Information that is used to select the IRF-PAI assessments for evaluation.

For IRF-PAI records with a Target Date (Item 40 - Discharge Date) prior to 10/01/2024: All IRF-PAI records with a Target Date prior to 10/01/2024 should be included in the compliance review period as identified in Step 1 above.

For IRF-PAI records with a Target Date (Item 40 - Discharge Date) on or after 10/01/2024: Only those IRF-PAI assessments for which either A1400A (Medicare) or A1400B (managed care/Part C/Medicare Advantage (MA)) is marked will be used in calculating the facility's presumptive compliance percentage. We note that those IRF-PAI

assessments for which both A1400A and A1400B are marked will also be used. Other payment types can also be marked, but they would need to be marked in addition to A1400A or A1400B. If an IRF-PAI does not have either A1400A or A1400B marked, then it will not be included in the facility's presumptive compliance percentage.

Detailed Process

Select Records Based upon Admission Date

If the facility chooses to have IRF-PAI assessments selected based upon **admission dates** (item12), then the software selects all IRF-PAI assessment records where the admission date (Item 12) is greater than or equal to **rev_period_start** and the admission date (Item 12) is less than or equal to **rev_period_end**. The resulting set of records will be referred to below as **rstRevPeriod.**

Select Records Based upon Discharge Date

If the facility chooses to have IRF-PAI assessments selected based upon **discharge dates** (Item 40), then the software selects all IRF-PAI assessment records where the discharge date (Item 40) is greater than or equal to **rev_period_start** and the discharge date (Item 40) is less than or equal to **rev_period_end**. The resulting set of records will be referred to below as **rstRevPeriod**.

Note that, regardless of which method the IRF selects, Impairment Group Codes That Meet Presumptive Compliance Criteria-3 (ICD-10-CM), Presumptive Compliance-3 (ICD-10-CM), and Presumptive Compliance Changes will be applied for all IRF discharge dates on and after October 1, 2017.

Step 3: Categorize Each IRF-PAI Record That Was Selected

Overview

Once the record set has been selected, each IRF-PAI assessment record is evaluated and categorized as either meeting or not meeting the IRF presumptive compliance criteria based upon the impairment groups and ICD-10-CM codes listed on the assessment. Each year's presumptive compliance files found here: CMS-1829-CN | CMS lists the files that will be used to determine compliance for each compliance review period. An IRF-PAI assessment record can pass the tests either on the basis of its impairment group codes or on the basis of diagnosis codes (etiological diagnosis codes or comorbid conditions).

The Impairment Group Codes That Meet Presumptive Compliance Criteria-3 (ICD-10-CM) found here: CMS-1829-CN | CMS files list impairment group codes that meet the presumptive compliance criteria. Each list contains a flag indicating whether the resident's age must be 85 or above or whether the patient's body mass index (BMI) must be 50 or above for the matching impairment group. Impairment group codes that meet presumptive compliance criteria and do not have any etiological diagnosis code exclusions are identified. Next, impairment group codes that meet presumptive compliance criteria but have diagnosis codes which cause the record to fail if they match the assessment's etiological diagnosis code are listed. Note that all of the etiologic diagnosis codes listed in Item #22 on the IRF-PAI will be evaluated to determine whether there are any diagnosis codes that will cause the record to fail.

After a record is compared with the criteria in the appropriate Impairment Group Codes That Meet Presumptive Compliance Criteria-3 (ICD-10-CM) list, it will have one of three statuses: failed, passed, or undetermined. These statuses are assigned as follows:

Failed. The record qualifies as "failed" (does not meet the presumptive compliance criteria) if *all of the following conditions* are true:

- Either the admission or discharge impairment group code (IRF-PAI Item 21) matches one of the codes listed in the appropriate Impairment Group Codes That Meet Presumptive Compliance Criteria-3 (ICD-10-CM) list.

- If any of the etiological diagnosis codes (Items 22A-C) of the IRF-PAI record *match* any of the codes listed under the flag, "Record fails if Etiological diagnosis code (Item 22) matches any code listed," for the patient's admission or discharge impairment group code.

Passed. The record qualifies as "passed" (meets the presumptive compliance criteria) if *all of the following conditions* are true:

- Either the admission or discharge impairment group code (IRF-PAI Item 21) matches one of the codes listed in the appropriate "Impairment Group Codes That Meet Presumptive Compliance Criteria" list.

- If none of the etiological diagnosis codes (Items 22A-C) from the IRF-PAI record *match* any of the codes listed under the flag, "Record fails if Etiological diagnosis code (Item 22) matches any code listed."

- If there is a "yes" in the matching row in column, "Age Must be 85+," for the impairment group code, the resident's age at admission was 85 or above, and/or

- If there is a "yes" in the matching row in column, "BMI Must be 50+," for the impairment group code, the patient's body mass index at admission was 50 or above.

Undetermined. The record's status will be "undetermined" if it has not been assigned a "passed" or "failed" status according to the tests described above.

If the record's status is "passed" or "failed," no further tests are applied. If its status is "undetermined," the appropriate "Presumptive Compliance" file is used to assign a final status. The appropriate "Presumptive Compliance" list contains ICD codes which qualify an IRF-PAI record as "passed." If *any* of the etiological diagnosis codes (Item 22A-C) or *any* of the comorbid condition codes (Item 24 A-Y) matches any of the codes listed under the relevant column of the appropriate "Presumptive Compliance" list, then the IRF-PAI record's status is "passed". If the record does not match any of the ICD codes listed in the appropriate "Presumptive Compliance" lists, its status is "failed."

Detailed Process

Perform the following process for each record in each of the record sets that are applicable:

1.   Initialize variables from the IRF-PAI record.

      1.1. Initialize the record's presumptive compliance status (**pc_status)** to -1 ("undetermined").

      1.2. Compute the patient's age at admission. Set **pt_age** to the number of complete years between the admission date (Item 12) and the patient's birth date (Item 6).

      1.3. Set **disch_date** (discharge date) equal to Item 40.

      1.4. Set **impair_group_admit** (impairment group at admission) equal to the admission impairment group indicated in Item 21.

      1.5. Set **impair_group_disch** (impairment group at discharge) equal to the discharge impairment group indicated in Item 21.

      1.6. Set **etiolog_dx_a** (etiological diagnosis code) equal to Item 22A.

      1.7. Set **etiolog_dx_b** (etiological diagnosis code) equal to Item 22B.

      1.8. Set **etiolog_dx_c** (etiological diagnosis code) equal to Item 22C.

      1.9. Set **comorbid_a** equal to Item 24A.

      1.10. Set **comorbid_b** equal to Item 24B.

      1.11. Set **comorbid_c** equal to Item 24C.

      1.12. Set **comorbid_d** equal to Item 24D.

      1.13. Set **comorbid_e** equal to Item 24E.

      1.14. Set **comorbid_f** equal to Item 24F.

      1.15. Set **comorbid_g** equal to Item 24G.

      1.16. Set **comorbid_h** equal to Item 24H.

1.17. Set **comorbid_i** equal to Item 24I.

1.18. Set **comorbid_j** equal to Item 24J.

1.19. Set **comorbid_k** equal to Item 24K.

1.20. Set **comorbid_l** equal to Item 24L.

1.21. Set **comorbid_m** equal to Item 24M.

1.22. Set **comorbid_n** equal to Item 24N.

1.23. Set **comorbid_o** equal to Item 24O.

1.24. Set **comorbid_p** equal to Item 24P.

1.25. Set **comorbid_q** equal to Item 24Q.

1.26. Set **comorbid_r** equal to Item 24R.

1.27. Set **comorbid_s** equal to Item 24S.

1.28. Set **comorbid_t** equal to Item 24T.

1.29. Set **comorbid_u** equal to Item 24U.

1.30. Set **comorbid_v** equal to Item 24V.

1.31. Set **comorbid_w** equal to Item 24W.

1.32. Set **comorbid_x** equal to Item 24X.

1.33. Set **comorbid_y** equal to Item 24Y.

1.34. Compute the patient's body mass index (BMI) at admission. Set **pt_bmi** equal to the patient's weight * 703 / height^2 and round to one decimal place.

2. Determine whether the ***admission impairment group*** passes or fails the criteria in the appropriate "Impairment Group Codes That Meet Presumptive Compliance Criteria (PM IGC)" list.

   2.1. Initialize **pc_status_test1** equal to -1 (undetermined).

   2.2. Review the appropriate "Impairment Group Codes That Meet Presumptive Compliance Criteria (PM IGC)" list for an impairment group code that matches **impair_group_admit.**

   2.3 If **impair_group_admit** matches an impairment group code listed in the appropriate "Impairment Group Codes That Meet Presumptive Compliance Criteria (PM IGC)" file in the previous instruction, then do the following:

2.3.1.   If any diagnosis codes are listed under the impairment group code and if **etiolog_dx_a, etiolog_dx_b,** or **etiolog_dx_c** matches any of those codes, then set **pc_status_test1** to 0 (failed).

2.3.2.   If **pc_status_test1**=-1 (if the impairment group code did not have any etiological diagnosis code exclusions or **etiolog_dx_a, etiolog_dx_b, and etiolog_dx_ c** did not match any of the diagnosis codes listed under the impairment group code), then do the following:

2.3.2.1.   If there is no "age must be 85+" or "BMI must be 50+" indicator for the impairment group code, then the record passes (set **pc_status_test1** to 1).

2.3.2.2.   If there is "yes" under the "age must be 85+" indicator and **pt_age**>=85**,** then the record passes (set **pc_status_test1** to 1).

2.3.2.3.   If there is a "yes" under the "BMI must be 50+" indicator and pt_bmi>=50, then the record passes (set **pc_status_test1** to 1).

3.   Determine whether the ***discharge impairment group*** passes or fails the criteria in the appropriate "Impairment Group Codes That Meet Presumptive Compliance Criteria" list.

3.1.   Initialize **pc_status_test2** equal to -1 (undetermined).

3.2.   Review the appropriate "Impairment Group Codes That Meet Presumptive Compliance Criteria" list for an impairment group code that matches **impair_grp_disch.**

3.3.   If **impair_grp_disch** matches an impairment group code listed in the appropriate "Impairment Group Codes That Meet Presumptive Compliance Criteria" list in the previous instruction, then do the following:

3.3.1.   If any diagnosis codes are listed under the impairment group code and if **etiolog_dx_a, etiolog_dx_b, and etiolog_dx_ c** matches any of those codes, then set **pc_status_test2** to 0 (failed).

3.3.2.   If **pc_status_test2**=-1 (if the impairment group code did not have any etiological diagnosis code exclusions or **etiolog_dx_a, etiolog_dx_b, and etiolog_dx_ c** did not match any of the diagnosis codes listed under the impairment group code), then do the following:

3.3.2.1.   If there is no "age must be 85+" or "BMI must be 50+" indicator for the impairment group code, then the record passes (set **pc_status_test2** to 1).

3.3.2.2.   If there is "yes" under the "age must be 85+" indicator and **pt_age**>=85**,** then the record passes (set **pc_status_test2** to 1).

3.3.2.3.   If there is a "yes" under the "BMI must be 50+" indicator and pt_bmi>=50, then the record passes (set **pc_status_test2** to 1).

4.   If the record's status is "undetermined" (if it did not pass or fail the previous tests), then determine whether the etiological diagnosis codes or any of the comorbidity codes pass the criteria in the appropriate "Presumptive Compliance" list.

4.1.   If **pc_status_test1** = 0 (failed) or **pc_status_test2** = 0 (failed), then **pc_status** = 0 (failed).

4.2.   If **pc_status_test1** = 1 (passed) and **pc_status_test2** <>0 (not failed), then **pc_status** = 1 (passed).

4.3.   If **pc_status_test1** <>0 (not failed) and **pc_status_test2** = 1 (passed), then **pc_status** = 1 (passed).

4.4.   If **pc_status** = -1 (undetermined), then do the following:

   4.4.1.   Initialize **pc_status_test3** to 0 (zero).

   4.4.2.   Review the appropriate "Presumptive Compliance" list for diagnosis codes that match the etiological diagnosis codes or any of the comorbidity codes. Set **pc_status_test3** equal to 1 if ***all of the following tests are passed*** for ***any*** diagnosis in the appropriate "Presumptive Compliance" list:

      4.4.2.1. ((**etiolog_dx_a, etiolog_dx_b, and etiolog_dx_ c** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_a** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_b** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_c** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_d** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_e** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_f** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_g** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_h** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_i** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_j** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_k** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_l** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_m** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_n** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_o** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_p** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_q** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***
      (**comorbid_r** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) ***or***

(**comorbid_s** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) *or*
(**comorbid_t** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) *or*
(**comorbid_u** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) *or*
(**comorbid_v** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) *or*
(**comorbid_w** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) *or*
(**comorbid_x** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list) *or*
(**comorbid_y** matches diagnosis code (or combination of codes) in the appropriate "Presumptive Compliance" list)), *and*

4.4.3. Also set pc_status_test3 equal to 1 if either **etiolog_dx_a, etiolog_dx_b, and etiolog_dx_ c** or one of the comorbid fields matches a diagnosis code on MMT A—Major Multiple Trauma-Lower Extremity Fracture and **etiolog_dx_a, etiolog_dx_b, and etiolog_dx_ c** or one of the comorbid fields matches a diagnosis code on MMT B—Major Multiple Trauma-Upper Extremity Fracture or on MMT C—Major Multiple Trauma-Ribs and Sternum Fracture. (Effective for IRF discharges occurring on or after October 1, 2017.)

4.4.4. Also set **pc_status_test3** equal to 1 if either **etiolog_dx_a, etiolog_dx_b, and etiolog_dx_ c** or one of the **comorbid** fields matches a diagnosis code on MMT A—Major Multiple Trauma-Lower Extremity Fracture that reflects a *right* lower extremity fracture <u>and</u> either **etiolog_dx_a, etiolog_dx_b, and etiolog_dx_ c** or one of the **comorbid** fields matches a diagnosis code onMMT A—Major Multiple Trauma-Lower Extremity Fracture that reflects a *left* lower extremity fracture. (Effective for IRF discharges occurring on or after October 1, 2017.)

4.4.5. If **pc_status_test3** = 1, then set **pc_status** = 1, otherwise set **pc_status** =0.

Step 4: Determine the Compliance Percentage

Overview

For each set of IRF-PAI records that were selected in Step 2, a percentage is computed which reflects the proportion of records that passed the presumptive compliance criteria described in Step 3.

Detailed Process

After completing record selection (see Step 2 above), perform the following process to compute percentages for each of the record sets:
1. Set **num_recs** equal to the number of records in **rstRevPeriod**.

2. Set **num_passed** equal to the number of records in **rstRevPeriod** where **pc_status = 1**.

3. If **num_recs** > 0, then set **pct_passed** equal to **num_passed** divided by **num_recs** * 100. Otherwise, set **pct_passed** to 0.00.

Step 5: Determine Whether the Compliance Percentage Computed in Step 4 Meets the Required 60 Percent Threshold

Overview

1. If the compliance percentage determined in Step 4 is greater than or equal to 60 percent, then the facility passes the IRF presumptive compliance criteria.
2. If no IRF-PAI records exist for the review period, then the percentage is not computed and the facility does not pass the IRF presumptive compliance criteria.
3. If the compliance percentage determined in Step 4 is less than 60 percent, then beginning with compliance review periods starting on or after October 1, 2015, the MAC must review an additional item on the IRF-PAI (item #24A) in which IRFs indicate whether the patient's arthritis condition(s) meets all of the relevant regulatory requirements specified in §140.1.1 B-D of the Medicare Claims Processing Manual (Pub. 100-04).

Step 6: Verify Arthritis Cases

Overview

Using the process described below, the MAC verifies through medical review whether the IRF cases selected in Step 2 above that would not otherwise meet the compliance criteria, and that have a "1 – Yes" marked in item #24A, meet the severity and prior treatment requirements in §140.1.1B-D of the Medicare Claims Processing Manual (Pub. 100-04). If so, then the MAC must add the appropriate number of these cases to the cases that meet the presumptive compliance criteria.

The MAC uses the following process for compliance review periods beginning on or after October 1, 2015:

4. If the compliance percentage determined in Step 4 is less than 60 percent, then the MAC must access an IRF- PAI data report called the IRF Arthritis Verification Report through the iQIES system.

Below are the sections of the IRF Arthritis Verification Report with example data:

IRF Arthritis Verification Report

Provider Number	Provider Name	Patient[1] Name	Patient ID Medicare Number	Assessment ID	Admission Date	Discharge Date
IRF Number	Best Rehab	A. Smith B. Jones Z. Honey	12345678A 22345678A 32345678A	987654321 987654322 987654323	10/1/25 10/2/25 10/3/25	10/15/25 10/14/25 10/13/25

5. The MAC will determine whether or not adding all of the cases listed on the IRF Arthritis Verification Report for that IRF would be enough to increase the IRF's compliance percentage to equal or exceed 60

percent.

6. If adding all of the cases listed on the IRF Arthritis Verification Report for that IRF would be enough to increase the IRF's compliance percentage to equal or exceed 60 percent, then the MAC uses generally accepted statistical sampling techniques to obtain a statistically valid random sample of those patients listed for the IRF on the IRF Arthritis Verification Report. If the total number of patients listed for the IRF on the IRF Arthritis Verification Report is less than 10, then the MAC reviews all patients listed for the IRF on the IRF Arthritis Verification Report.

7. The MAC obtains and examines the medical record sections and any other pertinent information submitted by the IRF to determine if the patients from the random sample obtained in step 3 meet all of the severity and prior treatment requirements specified in §140.1.1B-D of the Medicare Claims Processing Manual (Pub. 100-04).

8. The percentage of patients from the list that the MAC determines to have met the severity and prior treatment requirements specified in §140.1.1B-D of the Medicare Claims Processing Manual (Pub. 100-04) will be extrapolated to the complete list of patients for the IRF on the IRF Arthritis Verification Report.

9. The MAC then adds the appropriate number of cases (based on the percentage in step 5) from the IRF Arthritis Verification Report to the cases that meet the presumptive compliance criteria and re-calculates the IRF's presumptive compliance percentage.

Thus, based on the process outlined in this section, if the MAC determines that some or all of the arthritis cases may be appropriately added to the IRF's compliance percentage, then the MAC performs the following process to compute percentages for each of the record sets:

1. Set **num_recs** equal to the number of records in **rstRevPeriod**.

2. Set **num_passed** equal to the number of records in **rstRevPeriod** where **pc_status = 1** *plus the appropriate number of cases (based on the percentage in step 5) from the IRF Arthritis Verification Report.*

3. If **num_recs** > 0, then set **pct_passed** equal to **num_passed** divided by **num_recs** * 100. Otherwise, set **pct_passed** to 0.00.

Step 7: Determine Whether the Facility Presumptively Meets the IRF Criteria

Overview

1. If num_recs = 0, then the facility does not pass the IRF presumptive compliance criteria.

2. If num_recs > 0, and pct_passed >= 60, then the facility passes the IRF presumptive compliance criteria. Otherwise, the facility fails, and the MAC must use the medical review methodology to determine whether or not the IRF can retain its payment status under the IRF prospective payment system for the upcoming start of the IRF's next cost reporting period.