

## **Average Length of Stay Methodology**

We use the following steps to calculate the average length of stay values that are published in the inpatient rehabilitation facility prospective payment system (IRF PPS) proposed and final rules each year:

Step 1. Calculate the average length of stay for all cases in each case-mix group (CMG) and tier. Note that all IRF cases with a length of stay of 3 days or less, regardless of the CMG and tier that would otherwise apply, are included in the length of stay calculation for CMG 5001.

Step 2. Remove all cases from each CMG and tier that would meet the definition of a short-stay transfer case using the average lengths of stay calculated in step 1. For example, suppose that the average length of stay calculated in step 1 for CMG X and tier 2 was 9 days. In step 2, we would remove all cases from CMG X/tier 2 with a length of stay of fewer than 9 days that had a discharge destination on the claim of another institutional setting (the definition of a short-stay transfer). We remove these short-stay transfers from the analysis because they are paid a reduced per diem amount under the IRF PPS.

Step 3. Recalculate the average length of stay for all remaining cases (after the removal of the short-stay transfer cases in step 2) in each CMG and tier.

Step 4. Repeat steps 2 and 3 until we do not have any more short-stay transfer cases to remove in step 2.