Inpatient Rehabilitation Facility (IRF) Annual Update:
Prospective Payment System (PPS) Pricer Changes for FY 2022

MLN Matters Number: MM12364
Related Change Request (CR) Number: 12364
Related CR Release Date: August 11, 2021
Effective Date: October 1, 2021
Related CR Transmittal Number: R10943CP
Implementation Date: October 4, 2021

Provider Types Affected

This MLN Matters Article is for IRFs billing Medicare Administrative Contractors (MACs) for services they provide to Medicare patients.

Provider Action Needed

Make sure your billing staff knows of these rate updates effective for claims with discharges that fall within October 1, 2021, through September 30, 2022.

Background

Section1886(j)(3)(C) of the Social Security Act requires annual updates to the IRF PPS rates.

The FY 2022 IRF PPS Final Rule sets forth the prospective payment rates applicable for IRFs for FY 2022. CMS will release a new IRF PRICER software package prior to October 1, 2021, that will contain the updated rates. The rates for FY 2022 are as follows:

- The standard Federal rate is $17,240
- The adjusted standard Federal rate is $16,901
- The fixed loss amount is $9,491
- The labor-related share is 0.729
- The non-labor related share is 0.271
- Urban national average Cost-to-Charge Ratio (CCR) is 0.394
- Rural national average CCR is 0.478
- The Low Income Patient (LIP) Adjustment is 0.3177
- The teaching adjustment is 1.0163
- The rural adjustment is 1.149

Section 1886(j)(7)(A)(i) of the Social Security Act requires application of a 2-percentage point reduction of the applicable market basket increase factor for IRFs that fail to comply with the
quality data submission requirements. We'll apply the mandated reduction in FY 2022 for IRFs that fail to comply with these requirements during the data collection period of January 1, 2020, through December 31, 2020.

We'll apply a 2-percentage point reduction to the applicable FY 2022 market basket increase factor (1.9%) to payments for those IRFs that failed to comply with the data submission requirements.

This may result in an update that is less than 0.0 for a FY. This means payment rates for a FY may be less than such payment rates for the previous FY. Also, reporting-based reductions to the market basket increase factor aren’t cumulative. They only apply for the relevant FY.

For example, any IRF that failed to meet the quality reporting requirements for the period from January 1, 2020, through December 31, 2020 will be $16,901.

**More Information**

We issued [CR 12364](#) to your MAC as the official instruction for this change.

For more information, contact your [MAC](#).

**Document History**

<table>
<thead>
<tr>
<th>Date of Change</th>
<th>Description</th>
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<tbody>
<tr>
<td>August 12, 2021</td>
<td>Initial article released.</td>
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