

# MEDICARE PAYMENT FACT SHEET

AUGUST 2021

## FFY 2022 INPATIENT PSYCHIATRIC FACILITY PROSPECTIVE PAYMENT SYSTEM FINAL RULE (CMS-1750-F)

On Aug. 4, the Centers for Medicare & Medicaid Services (CMS) posted the federal fiscal year (FFY) 2022 Inpatient Psychiatric Facility (IPF) Prospective Payment System (PPS) [final rule](#) effective Oct. 1, 2021 through Sept. 30, 2022. After accounting for all payment and budget neutrality factors, CMS proposed a 2.1% update to IPF PPS payment rates.

**Market Basket:** CMS finalized a 2.7% IPF market basket update (proposed at 2.3%), a multifactor productivity (MFP) reduction of 0.7 percentage points (proposed at 0.2 percentage points) and a wage index budget neutrality adjustment of 1.0017 (proposed at 1.0014). The payment rate for IPFs that fail to submit required quality data will decrease by two percentage points.

**Base Per Diem and Electroconvulsive Therapy (ECT) Rates:** Final FFY 2022 rate updates include:

Proposed Per Diem Base Rates			Proposed ECT – Per Treatment Rates		
FFY 2022	FFY 2022, No Quality Data	FFY 2021	FFY 2022	FFY 2022, No Quality Data	FFY 2021
\$832.94	\$816.61	\$815.22	\$358.60	\$351.57	\$350.97

CMS will decrease the labor-related share to 77.2% for FFY 2022 (down from 77.3% in FFY 2021).

**IPF Patient-Level Adjustment Factors:** CMS did not propose any changes to the IPF MS-DRG, comorbidity, patient age, or variable per diem adjustment factors. For FFY 2022, CMS will continue using facility and patient-level adjustments currently used for FFY 2021 IPF PPS. These include emergency department, teaching, rural, patient condition (MS-DRG), patient comorbidity, patient age, and patient variable per diem adjustments.

**Outlier Payments:** CMS decreased the outlier threshold amount from \$14,630 in FFY 2021 to \$14,470 in FFY 2022 (proposed at \$14,030) to maintain estimated outlier payments at 2% of total estimated aggregate IPF PPS Payments. This represents a 1.1% decrease over the FFY 2021 threshold. CMS used FFY 2019 claims to calculate the updated outlier threshold; had CMS used FFY 2020 claims, the outlier threshold would have been \$22,270.

**Proposed FFY 2022 IPF Cost-to-Charge Ratio (CCR) Ceiling and Median:**

Rural Ceiling	Rural Median	Urban Ceiling	Urban Median
2.0261	0.5720	1.6879	0.4200

**Wage Index:** The FFY 2022 IPF PPS final wage indexes for Illinois core-based statistical areas (CBSAs) are as follows:

CBSA	Final FFY 2022	Final FFY 2021
Bloomington	0.9269	0.9114
Cape Girardeau	0.8282	0.8019

Carbondale	0.8179	0.8184
Champaign-Urbana	0.8680	0.8655
Chicago-Naperville-Evanston	1.0372	1.0442
Danville	0.9407	0.9032
Decatur	0.8353	0.8326
Elgin	1.0232	1.0559
Kankakee	0.8914	0.9068
Lake County	1.0047	1.0192
Peoria	0.8457	0.8644
Rock Island	0.8373	0.8520
Rockford	0.9901	0.9693
St. Louis	0.9583	0.9317
Springfield	0.9136	0.9256
Rural	0.8401	0.8297

CMS will continue applying a 17% payment adjustment to IPFs located in rural areas. CMS will also retain the 1.31 adjustment factor for IPFs with qualifying EDs.

**Updates to IPF Teaching Policy:** CMS finalized several changes to its policy regarding displaced residents when an IPF closes, better aligning the IPF policy with the IPPS. Updates include:

1. Using the day that an IPF/program closure is publicly announced as the day that determines a resident's status as displaced, rather than the day before or day of the IPF/program closure;
2. Allowing the temporary transfer of funding for the second and third group of residents who are not physically present at the closing IPF program, but intended to train at (or return to training at) the closing IPF program;
3. IPFs receiving displaced residents and wishing to apply for a temporary Medicare resident cap increase must submit a letter to its Medicare Administrative Contractor (MAC) within 60 days of beginning the training of the displaced residents. This letter must include the name of each displaced resident, the last four digits of each resident's social security number, the IPF and program in which the resident was previously training, and the amount of cap increase needed for each resident;
4. If there are more displaced IPF residents than available cap slots, the slots may be apportioned according to the displaced residents, with the amount determined by the originating IPF; and
5. CMS will deviate from the IPPS teaching policy pertaining to displaced residents for the IPF teaching adjustment only when necessary for the IPF PPS through future rulemaking.

**IPF Quality Reporting (IPFQR) Program:** CMS adopted two new measures: COVID-19 Healthcare Personnel (HCP) Vaccination Measure (beginning FFY 2023 payment year) and Follow-Up After Psychiatric Hospitalization (FAPH) (beginning FFY 2024 payment year). IPFs will begin submitting COVID-19 HCP data Oct. 1, 2021 for the FFY 2023 IPFQR program year; CMS will begin publicly reporting the COVID-HCP measure with the October 2022 *Care Compare* refresh.

CMS will remove the following two measures for the FFY 2024 payment determination and subsequent years: Discharges from an Inpatient Facility to Home/Self Care or Any Other Site of Care – Timely Transmission of Transition Record measure, and FUH – Follow-Up After Hospitalization for Mental Illness (NQF #0576).

CMS did not adopt its proposal to remove the Alcohol Use Brief Intervention provided or Offered and Alcohol Use Brief Intervention Provided (SUB-2/2a), nor its proposal to remove Tobacco Use Treatment Provided or Offered and Tobacco Use Treatment (TOB-2/2a).

Also, beginning with FFY 2024 payment determinations, CMS will convert various chart-abstracted measures over to the use of patient-level data reporting (see Table 7 on pp. 160 – 161 of the *Federal Register*). CMS adopted a one-year transition period, beginning with the FFY 2023 payment determination, for IPFs to submit voluntary patient-level data. Submission will be mandatory with the FFY 2024 IPFQR payment determination.

The 14 measures previously finalized for the FFY 2022 payment determination and subsequent years are listed below:

Measure	NQF #
HBIPS-2—Hours of Physical Restraint Use	#0640
HBIPS-3—Hours of Seclusion Use	#0641
HBIPS-5—Patients Discharged on Multiple Antipsychotic Medications with Appropriate Justification	#0560
FUH—Follow-Up After Hospitalization for Mental Illness	#0576
IMM-2—Influenza Immunization	#1659
TOB-2/2a—Tobacco Use Treatment Provided or Offered and Tobacco Use Treatment	N/A
TOB-3/3a Tobacco Use Treatment Provided or Offered at Discharge and Tobacco Use Treatment at Discharge	N/A
SUB-2/2a Alcohol Use Brief Intervention Provided or Offered and Alcohol Use Brief Intervention	N/A
Transition record with specified elements received by discharged patients	N/A
Timely Transmission of Transition Record	N/A
Screening for Metabolic Disorders Measure	N/A
SUB-3/3a Alcohol and Other Drug Use Disorder Treatment Provided or Offered at Discharge and Alcohol and Other Drug Use Disorder Treatment at Discharge	N/A
30-Day All-Cause Unplanned Readmission Following Psychiatric Hospitalization in an Inpatient Facility	#2860
Medication Continuation Following Inpatient Psychiatric Discharge	#3205

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Sources:

Centers for Medicare & Medicaid Services. Medicare Program: FY 2022 Inpatient Psychiatric Facilities Prospective Payment System and Quality Reporting Updates for Fiscal Year Beginning October 1, 2021 (FY 2022). Available from: <https://www.federalregister.gov/documents/2021/08/04/2021-16336/medicare-program-fy-2022-inpatient-psychiatric-facilities-prospective-payment-system-and-quality>. Accessed August 12, 2021.

Centers for Medicare & Medicaid Services. IPF Wage Index. Available from: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/InpatientPsychFacilPPS/WageIndex>. Accessed August 12, 2021.