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Regulatory Advisory

July 27, 2023

Inpatient Psychiatric Facility PPS: Final Rule for FY 2024

The Centers for Medicare & Medicaid Services (CMS) July 27 issued its fiscal year (FY) 2024 final rule for the inpatient psychiatric facility (IPF) prospective payment system (PPS).

KEY HIGHLIGHTS

The final rule:

- Updates the IPF payment rate by a net 2.4% in FY 2024 as compared to FY 2023.
- Rebases and revises the IPF PPS market basket using FY 2021 data.
- Adopts four new quality measures, modifies one, and removes two.
- Allows hospitals to open a new IPF unit at any time during the cost reporting period.

AHA TAKE

The AHA is disappointed that CMS disregarded AHA's and other stakeholders' recommendations to improve the IPF PPS and IPFQR. Even though the final payment update is higher than proposed, it is still insufficient to meet the critical financial pressures faced by psychiatric facilities. In addition, the agency failed to address several legitimate concerns regarding new quality measures that, as a result, will not provide useful information to patients or help providers advance quality of care. We will continue to work with CMS on enhancing measurement for psychiatric facilities to ensure meaningful assessment of clinical quality.

IPF PPS PAYMENT PROVISIONS

CMS finalized several updates to IPF payment rates. Specifically, it will update IPF payments by a net 2.4%, equivalent to $70 million, in FY 2024 as compared to FY 2023. This includes a 3.5% market basket, a 0.2 percentage point productivity cut as required by law and a 0.9 percentage point decrease related to outlier payments.

Under these payment updates, the federal per diem base rate will be $895.63 (an increase from the previous rate of $865.63). The electroconvulsive therapy (ECT) payment per treatment will be $385.58 (an increase from the previous rate of $372.67).

CMS finalized a labor-related share for FY 2024 of 78.7%, an increase from the FY 2023 labor-related share of 77.4%. In addition, the fixed dollar loss threshold amount will be $33,470 (an increase from the previous amount of $24,630), which CMS states is necessary to maintain outlier payments at 2% of total estimated aggregate IPF PPS payments.

Rebase and Revise the IPF PPS Market Basket on 2021 Data

CMS rebases and revises the market basket periodically to reflect changes in the mix of goods and services IPFs purchase to furnish care. The agency last rebased and revised the market basket in the FY 2020 IPF PPS final rule, in which CMS used FY 2016 data. As such, CMS will again rebase and revise the market basket, and will do so using FY 2021 data. The finalized methodology is generally similar to the methodology used previously.

Modification to the Regulation on Excluded Units Paid under the IPF PPS

Currently, hospitals may only open a new IPPS-excluded psychiatric unit at the start of a cost reporting period due to administrative and regulatory complexities defining these units. In other words, a hospital is limited in when it can designate an existing unit as psychiatric or open a new psychiatric unit that is paid under the IPF PPS. Several stakeholders have suggested that these requirements are unnecessarily restrictive and burdensome; for example, the need to wait until the next cost reporting period may delay hospitals from opening needed psychiatric beds that would be paid under the IPF PPS. In response, CMS will allow a hospital to open a new IPF unit any time within the cost reporting period as long as the hospital notifies the CMS Regional Office and Medicare Administrative Contractor in writing of the change at least 30 days before the date of the change.

IPF QUALITY REPORTING PROGRAM (IPFQR)

CMS finalizes several changes as proposed to the IPFQR, including to the measure set used in the program as well as to administrative requirements and policies.

Adoption of the Facility Commitment to Health Equity Measure. Beginning with the FY 2026 payment determination (data reporting in CY 2025 reflecting performance in CY 2024), CMS will adopt this structural measure that assesses whether an IPF demonstrates certain equity-focused organizational competencies. IPFs will be asked to attest to several statements within five domains, including:

1. Equity is a strategic priority;
2. Data collection;
3. Data analysis;
4. Quality improvement; and
5. Leadership engagement.

Several domains comprise multiple attestation statements; to receive credit for the domain, an IPF must to attest affirmatively to each statement within that domain (in other words, there is no partial credit). Performance is scored out of five points. The measure was adopted for the Inpatient Quality Reporting Program (IQR) in the FY 2023 Inpatient Prospective Payment System (IPPS) Final Rule. The measure is not endorsed by a consensus-based entity (CBE), and CMS has not submitted it for endorsement.

Adoption of the Screening for Social Drivers of Health Measure. Beginning with voluntary reporting in CY 2025 of data collected in CY 2024 and required reporting in CY 2026 of data collected in CY 2025 data (to inform the FY 2027 payment determination), CMS will adopt this structural measure that evaluates whether IPFs are screening patients for certain health-related social needs (HRSNs). CMS explains that IPFs could use a self-selected screening tool to collect data on HRSNs including:

- Food insecurity;
- Housing instability;
- Transportation needs;
- Utility difficulties; and
- Interpersonal safety.

IPFs will report the number of inpatients admitted to the facility who are 18 years or older at the time of admission who were screened for all five HRSNs. The measure was adopted for the IQR in the FY 2023 IPPS Final Rule. The measure is not endorsed by a CBE, and CMS has not submitted it for endorsement.

Adoption of the Screen Positive Rate for Social Drivers of Health Measure. Beginning with voluntary reporting in CY 2025 of data collected in CY 2024 and required reporting in CY 2026 of data collected in CY 2025 data (to inform the FY 2027 payment determination), CMS will adopt this measure that assesses the percent of patients admitted to the IPF who were screened for the HRSNs listed above who screen positive for one or more. IPFs would report five separate rates (one for each need). The measure is intended to provide information to IPFs on the level of unmet HRSNs among patients served, “and not for comparison between IPFs.” The measure was adopted for the IQR in the FY 2023 IPPS Final Rule. The measure is not endorsed by a CBE, and CMS has not submitted it for endorsement.

Adoption of the Psychiatric Inpatient Experience (PIX) Survey. Beginning with voluntary reporting in CY 2026 and mandatory reporting in CY 2027, CMS will adopt a specific patient experience of care instrument, the PIX survey, and a measure based on patient responses on a 5-point Likert scale to survey items. The survey comprises 23 items across four domains, including:

- Relationship with treatment team;
- Nursing presence;
- Treatment effectiveness; and
- Healing environment.

The measure will be reported as five separate rates: one for each of these four domains and one overall rate. Mean rates will publicly reported on Care Compare. CMS clarifies that facilities will be permitted to add questions to the survey if they wish to continue tracking specific metrics not otherwise captured by the PIX survey.

The survey is distributed to patients, on paper or on a tablet computer, by administrative staff at a time beginning 24 hours prior to planned discharge. In the final rule, CMS clarifies that if it is not possible for a patient to complete the survey prior to discharge, the facility should provide a sealable, addressed envelope for the patient to return the survey following discharge. Patients are excluded from the measure if they are younger than 13 years old at discharge or unable to complete the survey due to cognitive or intellectual limitations.

CMS acknowledges that IPFs already administer different patient experience of care survey instruments to their patients and will thus need to transition to the PIX survey. Because of this, the agency will implement the requirement using a voluntary reporting period during which IPFs will be able to begin administering the PIX survey and collecting survey data in CY 2025 to report on a voluntary basis in CY 2026, and then will be required to administer the survey and collect data during CY 2026 to report during CY 2027; this will affect the FY 2028 payment determination.

Modification of the COVID-19 Vaccination Coverage Among Healthcare Personnel (HCP) Measure. Beginning with the FY 2025 IPFQR, CMS will modify the current HCP COVID-19 vaccination measure used in the program. The current measure assesses the number of HCP who have received a complete vaccination course against COVID-19; in this rule, CMS will replace the definition of "complete vaccination course" with a definition of "up to date" with CDC recommended COVID-19 vaccines. The agency makes this modification to incorporate new CDC guidance related to booster doses and their associated timeframes.

CMS did not propose any changes to the data submission or reporting processes for this measure. Compliance for the FY 2025 payment determination will be based on reporting of individuals who are up to date beginning in quarter four of CY 2023.

Measure Removals. Beginning with the FY 2025 payment determination, CMS will remove the following measures from the IPFQR:

- Patients Discharged on Multiple Antipsychotic Medications with Appropriate Justification (HBIPS-5): The agency believes that this measure is no longer aligned with current clinical guidelines and practice.
- Tobacco Use Brief Intervention Provided or Offered and Tobacco Use Brief Intervention Provided (TOB-2/2a): The agency believes that the costs associated with this measure outweigh its benefits; in addition, the agency will retain a related measure, Tobacco Use Treatment Provided or Offered at Discharge and

Tobacco Use Treatment at Discharge (TOB-3/3a), which it believes better drives improvement in patient outcomes.

Data Validation Pilot Program. In the FY 2022 IPF PPS final rule, CMS adopted required patient-level data reporting beginning with data submitted in CY 2023, affecting the FY 2024 payment determination. In this rule, CMS finalizes its proposal to begin validating this data in a pilot program beginning with data submitted in CY 2024, affecting the FY 2025 payment determination. Specifically, CMS will request eight charts per quarter from each of 100 randomly selected IPFs. The agency notes that it will reimburse IPFs for the cost of submitting charts for validation at a rate of $3.00 per chart. Participation in the pilot is voluntary.

FURTHER QUESTIONS

If you have questions, please contact Caitlin Gillooley, AHA's director for quality and behavioral health policy, at 202-626-2267 or cgillooley@aha.org.