June 15, 2018 D R A F T

Ms. Seema Verma

Administrator

Centers for Medicare & Medicaid Services

Hubert H. Humphrey Building

200 Independence Avenue, S.W., Room 445-G

Washington, DC 20201

***RE: CMS-1688-P, Medicare Program; Prospective Payment System Inpatient Rehabilitation Facility***

Dear Ms. Verma:

On behalf of its member hospitals, the Michigan Health & Hospital Association (MHA) appreciates this opportunity to provide comments to the Centers for Medicare & Medicaid Services’ (CMS) regarding the fiscal year (FY) 2019 proposed rule to update the Medicare **Inpatient Rehabilitation Facility (IRF)** prospective payment system (PPS). For the 40 IRFs in Michigan, this rule is expected to increase Medicare fee-for-service (FFS) payments by approximately $2.2 million, or 1.1 percent, in FY 2019. This minimal increase fails to cover the projected 5.2 percent increase in medical inflation, further threatening the financial viability of IRFs and patient access to the services they provide. Our key concerns regarding the FY 2019 proposed rule are below.

**IRF Case Mix Classification System**

The CMS proposes a new IRF PPS case-mix system that is calculated using data collected through the IRF patient assessment instrument (PAI), and would phase-out use of the functional independence measure (FIM™) tool. The CMS cites its effort to standardize data collected across post-acute-care settings as the rationale for this change. In addition, the CMS notes that the IRF payment units, known as case-mix groups, warrant a revision due to numerous changes that have occurred since the last revision including changes in treatment patterns, technology, case-mix and other factors that impact the relative use of resources across the classification system. As such, the CMS propose to expand the use of IRF-PAI data from the tool’s quality section, which the agency states then warrants an update to the CMGs and relative weights for FY 2020 to better align IRF payments with the costs of care. The CMS would make this proposed change in a budget-neutral manner.

We appreciate the CMS’ acknowledgement of the administrative burden caused by dual FIM and IRF-PAI reporting, which started when the CMS began its mandated rollout of new measures to standardize post-acute care quality reporting. However, the methodology used to address this concern must be reliable. The CMS’ proposed case-mix system refinement includes changes to functional status scores, updates to the score reassignment methodology, and refinements to the CMGs. **The MHA is concerned about the CMS’ proposed reliance on only one year of IRF-PAI to support this change since we believe one year provides an inadequate foundation for a new case mix system and urges the CMS to delay this refinement until a minimum of three years of data is available.**

**IRF Quality Reporting Program**

IRFs that fail to meet the requirements of the SNF QRP are subject to a 2 percentage point reduction to their annual marketbasket update. The CMS sends facilities written notifications of a decision of noncompliance with IRF QRP requirements for a particular fiscal year, and notification of final decisions regarding any reconsideration requests. In addition to written notification, the CMS uses the Quality Improvement and Evaluation Assessment Submission and Processing (QIES ASAP) system to provide these notifications. The CMS proposes to expand the methods by which the agency would provide notifications to include at least one of the following:

* + The QIES ASAP system
  + The US postal service
  + An email from the Medicare Administrative Contractor (MAC).

The CMS’ proposal is in response to provider input requesting additional methods of notification. While we are appreciative that the CMS is responding to provider concerns, t**he MHA requests additional information regarding how providers should specify the recipients of email notifications from the MAC to ensure timely and effective communication.**

**Request for Information on Interoperability**

The CMS seeks input regarding whether the agency should promote interoperability by including electronic sharing of health information as a Medicare condition of participation for hospitals, skilled-nursing facilities, inpatient rehabilitation facilities, and other post-acute care settings.

**Although the MHA is supportive of the CMS’ promoting interoperability, we object to the CMS requiring interoperability as a Medicare condition of participation since this would likely result in some hospitals and post-acute providers no longer being eligible to participate in the Medicare program and therefore would be ineligible for Medicare payments for services to Medicare beneficiaries, potentially resulting in facility closures. Hospital closures or exclusion from Medicare would reduce access to inpatient rehab services for patients. The MHA recommends that the CMS provide additional incentive payments to help ensure that hospitals and post-acute care facilities have the resources necessary for investing in technologies that promote interoperability.**

We believe that our recommended changes would result in a positive outcome for IRFs and the Medicare beneficiaries they serve. If you have any questions, please contact me at (517) 703-8608 or via email at [vkunz@mha.org](mailto:vkunz@mha.org).

Sincerely,

**Vickie R. Kunz**

**Senior Director, Health Finance**