WASHINGTON

perspectives

An Analysis and Commentary on Federal Health Care Issues by Larry Goldberg

August 5, 2025

CMS Finalizes Inpatient Rehabilitation Facility FY 2026 PPS Update

The Centers for Medicare and Medicaid Services (CMS) have released a final rule to update the Inpatient Rehabilitation Facility Prospective Payment System (IRF PPS) for FY 2026.

A copy of the 137-page document is available at: https://public-inspection.federalregister.gov/2025-14780.pdf.

The rule is scheduled for publication in the ***Federal Register*** on August 5.

This final rule includes the classification and weighting factors for the IRF prospective payment system (PPS) case-mix groups (CMGs), and a description of the methodologies and data used in computing the prospective payment rates for FY 2026.

For the IRF Quality Reporting Program (QRP), this rule finalizes CMS' proposals to remove two quality measures: (1) the COVID-19 Vaccination Coverage among Healthcare Personnel (HCP) measure, beginning with the FY 2026 IRF QRP, and (2) the COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date measure, beginning with the FY 2028 IRF QRP.

CMS is finalizing its proposals to remove four Standardized Patient Assessment Data Elements under the Social Determinant of Health (SDOH) category from the IRF Patient Assessment Instrument (IRF-PAI) beginning with the FY 2028 IRF QRP.

CMS is also finalizing its proposals amending its reconsideration policy.

Finally, CMS provides summaries of the comments received in response to a Request for Information (RFI) on four separate considerations: (1) future measure concepts for the IRF QRP; (2) potential revisions to the IRF Patient Assessment Instrument (PAI); (3) potential revisions to the data submission deadlines for assessment data collected for the IRF QRP; and (4) advancing digital quality measurement in IRFs.

The rule includes the classification and weighting factors for the IRF PPS's case-mix groups (CMGs), a description of the methodologies and data used in computing the prospective payment rates for FY 2026.

Comment

CMS has not provided any form of a table of contents. We are adding page numbers, in red, based on the display copy of rule.
The order of this analysis does not follow the rule. We have placed the financial changes first.

CMS provides the following cost analysis of the rule. (Page 3)

Provision Description	Transfers/Costs
FY 2026 IRF PPS payment rate update	The overall economic impact of this proposed rule is an estimated $295 million increase in payments from the Federal Government to IRFs during FY 2026.
FY 2026 IRF QRP changes	The overall economic impact of this proposed rule is an estimated decrease in costs of $504,929.84 for IRFs for proposed measure removal in VII.C.1. and revisions to reconsiderations policy in VII.E. beginning with the FY 2026 IRF QRP
FY 2028 IRF QRP changes	The overall economic impact of this proposed rule is an estimated decrease in costs of $1,090,580.75 to IRFs for proposed measure and item removals in VII.C.2 and VII.D. beginning with the FY 2028 IRF QRP.

FY 2026 IRF PPS PAYMENT UPDATE (Page 22)

FY 2026 Market Basket Update and Productivity Adjustments (Page 21)

Based on IGI's second quarter 2025 forecast with historical data through the first quarter of 2025, the 2021-based IRF market basket percentage increase for FY 2026 is **3.3 percent**.

Using IGI's second quarter 2025 forecast, the 10-year moving average growth of TFP for FY 2026 is projected to be -0.7 percent.

Therefore, the final FY 2026 IRF market basket update is **2.6 percent** (3.3 percent market basket percentage increase reduced by the -0.7-percentage point productivity adjustment).

Labor-Share (Page 34)

The total labor-related share for FY 2026 is **74.5 percent**.

Wage Adjustment for FY 2026 (Page 38)

For FY 2026, CMS is continuing the three-year budget-neutral phase-out of the rural adjustment for FY 2024 IRFs transitioning from rural to urban status in FY 2025 under the revised CBSA delineations.

In FY 2026, the second year of this phase-out, affected IRFs will receive the full FY 2026 wage index along with one third of the FY 2024 rural adjustment. This step is part of a gradual reduction of the 14.9 percent rural adjustment over three fiscal years FYs 2025, 2026, and 2027. Furthermore, this policy does not apply to urban IRFs transitioning to rural status, as they will receive the full rural adjustment.

The wage index tables are available on the CMS website at: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/InpatientRehabFacPPS/IRF-Rules-and-Related-Files.html.

Description of the IRF Standard Payment Conversion Factor and Payment Rates for FY 2026 (Page 47)

Calculations to Determine the FY 2026 Standard Payment Conversion Factor

Explanation for Adjustment	Calculations	
FY 2025 Standard Payment Conversion Factor		$18,907
Market Basket Increase Factor for FY 2026 of 2.6 percent	x	1.026
Budget Neutrality Factor for the Updates to the Wage Index and Labor-Related Share	x	1.0001
Budget Neutrality Factor for the Revisions to the CMG Relative Weights	x	0.9985
FY 2026 Standard Payment Conversion Factor	**=**	**$19,371**

CMS applies the CMG relative weights in the tables below to the FY 2026 standard payment conversion factor ($19,371), to determine the unadjusted IRF prospective payment rates for FY 2026.

Relative Weights and Average Length of Stay (ALOS) Values for the Case Mix Groups for FY 2026 (Page 16)

CMG	CMG Description (M=motor, A=age)	Relative Weight				Average Length of Stay			
		Tier 1	Tier 2	Tier 3	No Comorbidity Tier	Tier1	Tier 2	Tier3	No Comorbidity Tier
0101	Stroke M >=72.50	0.9669	0.8586	0.7779	0.7379	8	9	9	8
0102	Stroke M >=63.50 and M <72.50	1.2306	1.0928	0.9901	0.9392	11	11	11	10
0103	Stroke M >=50.50 and M <63.50	1.5798	1.4029	1.2710	1.2056	14	15	13	13
0104	Stroke M >=41.50 and M <50.50	2.0177	1.7918	1.6234	1.5398	16	17	16	16
0105	Stroke M <41.50 and A >=84.50	2.5146	2.2330	2.0231	1.9190	23	21	20	19
0106	Stroke M <41.50 and A <84.50	2.8325	2.5153	2.2789	2.1616	24	24	22	22
0201	Traumatic brain injury M >=73.50	1.0614	0.8440	0.7710	0.7244	10	9	8	9
0202	Traumatic brain injury M >=61.50 and M <73.50	1.3861	1.1021	1.0069	0.9460	12	11	11	10
0203	Traumatic brain injury M >=49.50 and M <61.50	1.7233	1.3702	1.2518	1.1761	14	14	13	12
0204	Traumatic brain injury M >=35.50 and M <49.50	2.1239	1.6887	1.5428	1.4495	17	17	15	15
0205	Traumatic brain injury M <35.50	2.7248	2.1665	1.9793	1.8596	28	22	19	18
0301	Non-traumatic brain injury M >=65.50	1.1939	0.9462	0.8822	0.8259	10	10	9	9
0302	Non-traumatic brain injury M >=52.50 and M <65.50	1.5445	1.2241	1.1412	1.0683	12	12	11	11
0303	Non-traumatic brain injury M >=42.50 and M <52.50	1.8262	1.4474	1.3494	1.2633	14	14	13	13
0304	Non-traumatic brain injury M <42.50 and A >=78.50	2.1635	1.7147	1.5985	1.4965	18	17	16	15
0305	Non-traumatic brain injury M <42.50 and A <78.50	2.3699	1.8783	1.7511	1.6393	19	19	17	16
0401	Traumatic spinal cord injury M >=56.50	1.3548	1.1074	1.0783	0.9757	12	12	11	11
0402	Traumatic spinal cord injury M >=47.50 and M <56.50	1.6985	1.3883	1.3518	1.2232	15	14	14	13
0403	Traumatic spinal cord injury M >=41.50 and M <47.50	1.9604	1.6024	1.5602	1.4118	17	15	15	16

CMG	CMG Description (M=motor, A=age)	Relative Weight				Average Length of Stay			
		Tier 1	Tier 2	Tier 3	No Comorbidity Tier	Tier1	Tier 2	Tier3	No Comorbidity Tier
0404	Traumatic spinal cord injury M <31.50 and A <61.50	3.1765	2.5964	2.5281	2.2877	23	33	25	22
0405	Traumatic spinal cord injury M >=31.50 and M <41.50	2.5161	2.0566	2.0025	1.8121	19	20	21	19
0406	Traumatic spinal cord injury M >=24.50 and M <31.50 and A >=61.50	3.3100	2.7055	2.6343	2.3838	23	29	26	24
0407	Traumatic spinal cord injury M 24.50 and A >=61.50	4.5328	3.7050	3.6075	3.2644	42	36	33	33
0501	Non-traumatic spinal cord injury M >=60.50	1.3090	1.0060	0.9359	0.8625	11	10	10	10
0502	Non-traumatic spinal cord injury M >=53.50 and M <60.50	1.6251	1.2489	1.1618	1.0707	14	13	12	12
0503	Non-traumatic spinal cord injury M >=48.50 and M <53.50	1.8402	1.4142	1.3156	1.2124	16	14	14	13
0504	Non-traumatic spinal cord injury M >=39.50 and M <48.50	2.1989	1.6898	1.5720	1.4487	18	16	16	15
0505	Non-traumatic spinal cord injury M <39.50	3.1242	2.4009	2.2336	2.0584	26	23	22	20
0601	Neurological M >=64.50	1.3095	0.9918	0.9341	0.8390	11	10	9	9
0602	Neurological M >=52.50 and M <64.50	1.6289	1.2337	1.1619	1.0437	13	12	11	11
0603	Neurological M >=43.50 and M <52.50	1.9370	1.4670	1.3817	1.2411	15	14	13	13
0604	Neurological M <43.50	2.4498	1.8553	1.7475	1.5696	20	17	16	16
0701	Fracture of lower extremity M >=61.50	1.2269	0.9809	0.9316	0.8513	11	11	10	9
0702	Fracture of lower extremity M >=52.50 and M <61.50	1.5165	1.2125	1.1515	1.0523	13	13	12	11
0703	Fracture of lower extremity M >=41.50 and M <52.50	1.8578	1.4854	1.4108	1.2892	16	15	14	14
0704	Fracture of lower extremity M <41.50	2.2940	1.8342	1.7420	1.5918	18	18	17	16
0801	Replacement of lower-extremity joint M >=63.50	1.1781	0.9922	0.8869	0.8310	10	10	9	9
0802	Replacement of lower-extremity joint M >=57.50 and M <63.50	1.3428	1.1310	1.0109	0.9472	10	10	10	10
0803	Replacement of lower-extremity joint M >=51.50 and M <57.50	1.4778	1.2447	1.1126	1.0424	13	12	11	11
0804	Replacement of lower-extremity joint M >=42.50 and M <51.50	1.6788	1.4140	1.2639	1.1842	14	14	12	12
0805	Replacement of lower-extremity joint M <42.50	2.0910	1.7611	1.5742	1.4749	17	17	15	14
0901	Other orthopedic M >=63.50	1.2385	0.9381	0.8862	0.8084	11	10	9	9
0902	Other orthopedic M >=51.50 and M <63.50	1.5733	1.1917	1.1257	1.0270	13	12	12	11
0903	Other orthopedic M >=44.50 and M <51.50	1.8670	1.4141	1.3358	1.2187	15	14	13	13
0904	Other orthopedic M <44.5	2.2482	1.7029	1.6086	1.4675	18	17	16	15
1001	Amputation lower extremity M >=64.50	1.2289	1.0211	0.9268	0.8605	11	10	10	9
1002	Amputation lower extremity M >=55.50 and M <64.50	1.4929	1.2405	1.1259	1.0454	13	13	12	11
1003	Amputation lower extremity M >=47.50 and M <55.50	1.7768	1.4764	1.3400	1.2442	15	16	14	13
1004	Amputation lower extremity M <47.50	2.3634	1.9638	1.7824	1.6550	19	19	17	17
1101	Amputation non-lower extremity M >=58.50	1.3524	1.2804	1.1019	0.9641	12	13	11	11

CMG	CMG Description (M=motor, A=age)	Relative Weight				Average Length of Stay			
		Tier 1	Tier 2	Tier 3	No Comorbidity Tier	Tier1	Tier 2	Tier3	No Comorbidity Tier
1102	Amputation non-lower extremity M >=52.50 and M <58.50	1.5444	1.4621	1.2582	1.1009	13	13	13	11
1103	Amputation non-lower extremity M <52.50	1.9344	1.8313	1.5760	1.3789	16	17	15	13
1201	Osteoarthritis M >=61.50	1.3247	1.0514	0.9396	0.8702	11	11	9	10
1202	Osteoarthritis M >=49.50 and M <61.50	1.5576	1.2362	1.1047	1.0231	13	12	12	11
1203	Osteoarthritis M <49.50 and A >=74.50	2.0850	1.6548	1.4788	1.3696	16	16	15	14
1204	Osteoarthritis M <49.50 and A <74.50	2.1465	1.7037	1.5225	1.4100	17	16	15	15
1301	Rheumatoid other arthritis M >=62.50	1.2527	1.0015	0.9176	0.8336	10	10	9	9
1302	Rheumatoid other arthritis M >=51.50 and M <62.50	1.5360	1.2280	1.1252	1.0221	12	12	11	11
1303	Rheumatoid other arthritis M >=44.50 and M <51.50 and A >=64.50	1.7752	1.4192	1.3004	1.1812	14	14	13	12
1304	Rheumatoid other arthritis M <44.50 and A >=64.50	2.2912	1.8318	1.6784	1.5246	16	17	16	15
1305	Rheumatoid other arthritis M <51.50 and A <64.50	2.2867	1.8281	1.6750	1.5216	17	18	16	14
1401	Cardiac M >=68.50	1.1175	0.9002	0.8323	0.7654	10	9	9	8
1402	Cardiac M >=55.50 and M <68.50	1.4236	1.1468	1.0603	0.9751	12	12	11	10
1403	Cardiac M >=45.50 and M <55.50	1.7207	1.3861	1.2816	1.1786	14	14	13	12
1404	Cardiac M <45.50	2.1468	1.7294	1.5991	1.4705	18	17	15	15
1501	Pulmonary M >=68.50	1.3103	1.0536	0.9867	0.9432	10	10	9	9
1502	Pulmonary M >=56.50 and M <68.50	1.6022	1.2883	1.2065	1.1534	12	12	11	11
1503	Pulmonary M >=45.50 and M <56.50	1.8680	1.5020	1.4066	1.3446	15	14	13	13
1504	Pulmonary M <45.50	2.3425	1.8835	1.7639	1.6862	20	16	16	15
1601	Pain syndrome M >=65.50	1.0512	0.9420	0.8617	0.7811	9	10	9	9
1602	Pain syndrome M >=58.50 and M <65.50	1.2648	1.1335	1.0368	0.9399	11	12	11	10
1603	Pain syndrome M >=43.50 and M <58.50	1.5317	1.3727	1.2557	1.1382	13	14	13	12
1604	Pain syndrome M <43.50	2.0049	1.7968	1.6436	1.4898	14	19	16	15
1701	Major multiple trauma without brain or spinal cord injury M >=57.50	1.3191	1.0450	0.9702	0.8932	12	10	10	10
1702	Major multiple trauma without brain or spinal cord injury M >=50.50 and M <57.50	1.6260	1.2881	1.1960	1.1010	13	13	12	12
1703	Major multiple trauma without brain or spinal cord injury M >=41.50 and M <50.50	1.9078	1.5114	1.4033	1.2919	15	15	14	13
1704	Major multiple trauma without brain or spinal cord injury M >=36.50 and M <41.50	2.1953	1.7392	1.6148	1.4866	18	17	16	15
1705	Major multiple trauma without brain or spinal cord injury M <36.50	2.5557	2.0247	1.8799	1.7306	19	19	18	17
1801	Major multiple trauma with brain or spinal cord injury M >=67.50	1.1189	0.9154	0.8421	0.7904	12	10	9	9
1802	Major multiple trauma with brain or spinal cord injury M >=55.50 and M <67.50	1.4223	1.1636	1.0704	1.0047	14	13	11	11
1803	Major multiple trauma with brain or spinal cord injury M >=45.50 and M <55.50	1.7694	1.4475	1.3316	1.2498	17	15	14	13

CMG	CMG Description (M=motor, A=age)	Relative Weight				Average Length of Stay			
		Tier 1	Tier 2	Tier 3	No Comorbidity Tier	Tier1	Tier 2	Tier3	No Comorbidity Tier
1804	Major multiple trauma with brain or spinal cord injury M >=40.50 and M <45.50	2.0665	1.6906	1.5552	1.4597	19	17	15	16
1805	Major multiple trauma with brain or spinal cord injury M >=30.50 and M <40.50	2.4792	2.0282	1.8658	1.7512	23	20	18	18
1806	Major multiple trauma with brain or spinal cord injury M <30.50	3.5919	2.9385	2.7032	2.5372	36	28	27	24
1901	Guillain-Barré M >=66.50	1.3407	0.9475	0.8237	0.8240	11	10	9	9
1902	Guillain-Barré M >=51.50 and M <66.50	1.9505	1.3785	1.1984	1.1987	15	14	13	13
1903	Guillain-Barré M >=38.50 and M <51.50	2.7597	1.9504	1.6956	1.6960	20	18	17	18
1904	Guillain-Barré M <38.50	4.2436	2.9991	2.6072	2.6080	37	30	25	25
2001	Miscellaneous M >=66.50	1.1884	0.9531	0.8864	0.8114	10	10	9	9
2002	Miscellaneous M >=55.50 and M <66.50	1.4755	1.1833	1.1004	1.0074	12	12	11	11
2003	Miscellaneous M >=46.50 and M <55.50	1.7326	1.3895	1.2922	1.1830	14	13	13	12
2004	Miscellaneous M <46.50 and A >=77.50	2.1131	1.6946	1.5760	1.4427	17	16	15	15
2005	Miscellaneous M <46.50 and A <77.50	2.2118	1.7738	1.6496	1.5101	18	17	16	15
2101	Burns M >=52.50	1.6061	1.3503	1.0183	0.9765	15	15	10	11
2102	Burns M <52.50	2.5451	2.1397	1.6136	1.5474	19	18	16	16
5001	Short-stay cases, length of stay is 3 days or fewer	0.0000	0.0000	0.0000	0.1755	0	0	0	3
5101	Expired, orthopedic, length of stay is 13 days or fewer	0.0000	0.0000	0.0000	0.8539	0	0	0	8
5102	Expired, orthopedic, length of stay is 14 days or more	0.0000	0.0000	0.0000	2.0485	0	0	0	20
5103	Expired, not orthopedic, length of stay is 15 days or fewer	0.0000	0.0000	0.0000	0.9118	0	0	0	8
5104	Expired, not orthopedic, length of stay is 16 days or more	0.0000	0.0000	0.0000	2.1881	0	0	0	20

FY 2026 IRF PPS Payment Rates (Page 48)

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
0101	$ 18,729.82	$ 16,631.94	$ 15,068.70	$ 14,293.86
0102	$ 23,837.95	$ 21,168.63	$ 19,179.23	$ 18,193.24
0103	$ 30,602.31	$ 27,175.58	$ 24,620.54	$ 23,353.68
0104	$ 39,084.87	$ 34,708.96	$ 31,446.88	$ 29,827.47
0105	$ 48,710.32	$ 43,255.44	$ 39,189.47	$ 37,172.95
0106	$ 54,868.36	$ 48,723.88	$ 44,144.57	$ 41,872.35
0201	$ 20,560.38	$ 16,349.12	$ 14,935.04	$ 14,032.35
0202	$ 26,850.14	$ 21,348.78	$ 19,504.66	$ 18,324.97
0203	$ 33,382.04	$ 26,542.14	$ 24,248.62	$ 22,782.23
0204	$ 41,142.07	$ 32,711.81	$ 29,885.58	$ 28,078.26
0205	$ 52,782.10	$ 41,967.27	$ 38,341.02	$ 36,022.31
0301	$ 23,127.04	$ 18,328.84	$ 17,089.10	$ 15,998.51
0302	$ 29,918.51	$ 23,712.04	$ 22,106.19	$ 20,694.04
0303	$ 35,375.32	$ 28,037.59	$ 26,139.23	$ 24,471.38

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
0304	$ 41,909.16	$ 33,215.45	$ 30,964.54	$ 28,988.70
0305	$ 45,907.33	$ 36,384.55	$ 33,920.56	$ 31,754.88
0401	$ 26,243.83	$ 21,451.45	$ 20,887.75	$ 18,900.28
0402	$ 32,901.64	$ 26,892.76	$ 26,185.72	$ 23,694.61
0403	$ 37,974.91	$ 31,040.09	$ 30,222.63	$ 27,347.98
0404	$ 61,531.98	$ 50,294.86	$ 48,971.83	$ 44,315.04
0405	$ 48,739.37	$ 39,838.40	$ 38,790.43	$ 35,102.19
0406	$ 64,118.01	$ 52,408.24	$ 51,029.03	$ 46,176.59
0407	$ 87,804.87	$ 71,769.56	$ 69,880.88	$ 63,234.69
0501	$ 25,356.64	$ 19,487.23	$ 18,129.32	$ 16,707.49
0502	$ 31,479.81	$ 24,192.44	$ 22,505.23	$ 20,740.53
0503	$ 35,646.51	$ 27,394.47	$ 25,484.49	$ 23,485.40
0504	$ 42,594.89	$ 32,733.12	$ 30,451.21	$ 28,062.77
0505	$ 60,518.88	$ 46,507.83	$ 43,267.07	$ 39,873.27
0601	$ 25,366.32	$ 19,212.16	$ 18,094.45	$ 16,252.27
0602	$ 31,553.42	$ 23,898.00	$ 22,507.16	$ 20,217.51
0603	$ 37,521.63	$ 28,417.26	$ 26,764.91	$ 24,041.35
0604	$ 47,455.08	$ 35,939.02	$ 33,850.82	$ 30,404.72
0701	$ 23,766.28	$ 19,001.01	$ 18,046.02	$ 16,490.53
0702	$ 29,376.12	$ 23,487.34	$ 22,305.71	$ 20,384.10
0703	$ 35,987.44	$ 28,773.68	$ 27,328.61	$ 24,973.09
0704	$ 44,437.07	$ 35,530.29	$ 33,744.28	$ 30,834.76
0801	$ 22,820.98	$ 19,219.91	$ 17,180.14	$ 16,097.30
0802	$ 26,011.38	$ 21,908.60	$ 19,582.14	$ 18,348.21
0803	$ 28,626.46	$ 24,111.08	$ 21,552.17	$ 20,192.33
0804	$ 32,520.03	$ 27,390.59	$ 24,483.01	$ 22,939.14
0805	$ 40,504.76	$ 34,114.27	$ 30,493.83	$ 28,570.29
0901	$ 23,990.98	$ 18,171.94	$ 17,166.58	$ 15,659.52
0902	$ 30,476.39	$ 23,084.42	$ 21,805.93	$ 19,894.02
0903	$ 36,165.66	$ 27,392.53	$ 25,875.78	$ 23,607.44
0904	$ 43,549.88	$ 32,986.88	$ 31,160.19	$ 28,426.94
1001	$ 23,805.02	$ 19,779.73	$ 17,953.04	$ 16,668.75
1002	$ 28,918.97	$ 24,029.73	$ 21,809.81	$ 20,250.44
1003	$ 34,418.39	$ 28,599.34	$ 25,957.14	$ 24,101.40
1004	$ 45,781.42	$ 38,040.77	$ 34,526.87	$ 32,059.01
1101	$ 26,197.34	$ 24,802.63	$ 21,344.90	$ 18,675.58
1102	$ 29,916.57	$ 28,322.34	$ 24,372.59	$ 21,325.53
1103	$ 37,471.26	$ 35,474.11	$ 30,528.70	$ 26,710.67
1201	$ 25,660.76	$ 20,366.67	$ 18,200.99	$ 16,856.64
1202	$ 30,172.27	$ 23,946.43	$ 21,399.14	$ 19,818.47
1203	$ 40,388.54	$ 32,055.13	$ 28,645.83	$ 26,530.52
1204	$ 41,579.85	$ 33,002.37	$ 29,492.35	$ 27,313.11
1301	$ 24,266.05	$ 19,400.06	$ 17,774.83	$ 16,147.67
1302	$ 29,753.86	$ 23,787.59	$ 21,796.25	$ 19,799.10
1303	$ 34,387.40	$ 27,491.32	$ 25,190.05	$ 22,881.03
1304	$ 44,382.84	$ 35,483.80	$ 32,512.29	$ 29,533.03
1305	$ 44,295.67	$ 35,412.13	$ 32,446.43	$ 29,474.91
1401	$ 21,647.09	$ 17,437.77	$ 16,122.48	$ 14,826.56

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
1402	$ 27,576.56	$ 22,214.66	$ 20,539.07	$ 18,888.66
1403	$ 33,331.68	$ 26,850.14	$ 24,825.87	$ 22,830.66
1404	$ 41,585.66	$ 33,500.21	$ 30,976.17	$ 28,485.06
1501	$ 25,381.82	$ 20,409.29	$ 19,113.37	$ 18,270.73
1502	$ 31,036.22	$ 24,955.66	$ 23,371.11	$ 22,342.51
1503	$ 36,185.03	$ 29,095.24	$ 27,247.25	$ 26,046.25
1504	$ 45,376.57	$ 36,485.28	$ 34,168.51	$ 32,663.38
1601	$ 20,362.80	$ 18,247.48	$ 16,691.99	$ 15,130.69
1602	$ 24,500.44	$ 21,957.03	$ 20,083.85	$ 18,206.80
1603	$ 29,670.56	$ 26,590.57	$ 24,324.16	$ 22,048.07
1604	$ 38,836.92	$ 34,805.81	$ 31,838.18	$ 28,858.92
1701	$ 25,552.29	$ 20,242.70	$ 18,793.74	$ 17,302.18
1702	$ 31,497.25	$ 24,951.79	$ 23,167.72	$ 21,327.47
1703	$ 36,955.99	$ 29,277.33	$ 27,183.32	$ 25,025.39
1704	$ 42,525.16	$ 33,690.04	$ 31,280.29	$ 28,796.93
1705	$ 49,506.46	$ 39,220.46	$ 36,415.54	$ 33,523.45
1801	$ 21,674.21	$ 17,732.21	$ 16,312.32	$ 15,310.84
1802	$ 27,551.37	$ 22,540.10	$ 20,734.72	$ 19,462.04
1803	$ 34,275.05	$ 28,039.52	$ 25,794.42	$ 24,209.88
1804	$ 40,030.17	$ 32,748.61	$ 30,125.78	$ 28,275.85
1805	$ 48,024.58	$ 39,288.26	$ 36,142.41	$ 33,922.50
1806	$ 69,578.69	$ 56,921.68	$ 52,363.69	$ 49,148.10
1901	$ 25,970.70	$ 18,354.02	$ 15,955.89	$ 15,961.70
1902	$ 37,783.14	$ 26,702.92	$ 23,214.21	$ 23,220.02
1903	$ 53,458.15	$ 37,781.20	$ 32,845.47	$ 32,853.22
1904	$ 82,202.78	$ 58,095.57	$ 50,504.07	$ 50,519.57
2001	$ 23,020.50	$ 18,462.50	$ 17,170.45	$ 15,717.63
2002	$ 28,581.91	$ 22,921.70	$ 21,315.85	$ 19,514.35
2003	$ 33,562.19	$ 26,916.00	$ 25,031.21	$ 22,915.89
2004	$ 40,932.86	$ 32,826.10	$ 30,528.70	$ 27,946.54
2005	$ 42,844.78	$ 34,360.28	$ 31,954.40	$ 29,252.15
2101	$ 31,111.76	$ 26,156.66	$ 19,725.49	$ 18,915.78
2102	$ 49,301.13	$ 41,448.13	$ 31,257.05	$ 29,974.69
5001	$ -	$ -	$ -	$ 3,399.61
5101	$ -	$ -	$ -	$ 16,540.90
5102	$ -	$ -	$ -	$ 39,681.49
5103	$ -	$ -	$ -	$ 17,662.48
5104	$ -	$ -	$ -	$ 42,385.69

Update to the Outlier Threshold Amount for FY 2026 (Page 36)

CMS estimated that IRF outlier payments as a percentage of total estimated payments would be approximately 2.4 percent in FY 2025.

Therefore, CMS is updating the outlier threshold amount from $12,043 for FY 2025 to **$1o,062** for FY 2026 to maintain estimated outlier payments at approximately 3.0 percent of total estimated aggregate IRF payments for FY 2026.

INPATIENT REHABILITATION FACILITY (IRF) QUALITY REPORTING PROGRAM (QRP) (Page 58)

The IRF QRP currently has 17 adopted measures, which are listed in the rule's Table 8.(Page 60)

1. CMS will remove two measures: (1) the COVID-19 Vaccination Coverage among Healthcare Personnel (HCP) measure, beginning with the FY 2026 IRF QRP and (2) the COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date measure, beginning with the FY 2028 IRF QRP. (Page 60)

2. CMS finalized the adoption of four items as standardized patient assessment data elements under the social determinants of health (SDOH) category: one item for Living Situation (R0310); two items for Food (R0320A and R0320B); and one item for Utilities (R0330). As finalized in the FY 2025 IRF PPS final rule, IRFs would be required to report these data elements using the IRFPAI beginning with patients discharged on or after October 1, 2026 through December 31, 2026 for purposes of the FY 2028 IRF QRP and each program year after.

   CMS is now removing these four standardized patient assessment data elements under the SDOH category as it acknowledges the burden associated with these items at this time. (Page 67)

3. CMS is amending its reconsideration policy and process to remove the word "extenuating" used in previous iterations of the reconsideration policy and replacing it with "extraordinary." CMS will also permit IRFs to request, and CMS to grant, an extension to file a request for reconsideration of a noncompliance determination if the IRF was affected by an extraordinary circumstance beyond the control of the IRF. (Page 79)

FY 2026 IRF QRP Requests for Information (RFIs) (Page 89)

CMS sought feedback on four RFIs: 1) Future measure on the topics of interoperability, nutrition, delirium, and well-being; 2) Potential revisions to the IRF-Patient Assessment Instrument (IRF-PAI), which would allow CMS to reduce burden; 3) potential revisions to the data submission deadlines for assessment data, which would allow CMS to provide IRFs with more timely quality data; and 4) advancing digital quality measurement in order to seek feedback on current adoption of health information technology (IT) and standards, including Fast Healthcare Interoperability Resources (FHIR).

CMS is not responding to specific comments in response to the RFIs in this final rule, but will take this feedback into consideration for our future measure development efforts for the IRF QRP.

Final Comments

This rule is straight forward, easy to follow and most importantly digest.

Nonetheless, one must question why CMS needs to provide voluminous prior histories in all its PPS yearly updates. For example, in this rule CMS starts on page 4 and continues through page 11 summarizing the history of the IRF PPS program.

CMS needs to simply tell us the changes being made for 2026 without a need to repeat prior items.