

# WASHINGTON

## perspectives

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

**April 3, 2026**

### **CMS Proposes Fiscal Year 2027 PPS Inpatient Rehabilitation Facility Updates**



The Centers for Medicare and Medicaid Services (CMS) are issuing a proposed rule to update the prospective payment rates for inpatient rehabilitation facilities (IRFs) for Fiscal Year (FY) 2027 (that is, for discharges occurring on or after October 1, 2026, and on or before September 30, 2027) under section 1886(j)(3)(C) of the Social Security Act (the Act).

The proposal is scheduled for publication in the ***Federal Register*** on April 6. A 60-day comment period ending June 6 is provided. The 91-page display copy is currently available at: <https://public-inspection.federalregister.gov/2026-06642.pdf>

#### **Comments**

As required by section 1886(j)(5) of the Act, this proposal 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 2027.

In addition, the proposed rule includes a solicitation for public comments on alternative data sources for the IRF PPS wage index; proposes requirements by revising § 412.622(a)(3)(ii) to require all therapy treatments and/or therapy evaluations to begin within 36-hours from midnight on the day of admission (hereafter referred to as the 36-hour rule); proposes to revise § 412.622(a)(4)(i)(B) to require documentation of a patient's current functional status in the preadmission screening; proposes requirements for the initial Interdisciplinary Team (IDT) by revising § 412.622(a)(5) to require the meeting to occur by the 4th day of admission to align with the Plan of Care (POC) timeframe; and includes a Request for Information (RFI) on options to modernize and revise the primary diagnosis and comorbidity score methodology under the Skilled Nursing Facility Patient Driven Payment Model (PDPM) for the IRF PPS.

The IRF Quality Reporting Program (QRP) proposes a revision of the IRF QRP data submission deadlines beginning with the FY 2029 IRF QRP. CMS is also soliciting public comments through one RFI on future measure concepts for the IRF QRP.

For the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program (CBP), the rule proposes a higher bid surety bond amount for a bidding entity submitting a bid in Remote Item Delivery (RID) competitive bidding area. (Page 5)

The proposal does not contain a table of contents. We are adding page numbers in red.

**Impact (Page 6)**

The overall economic impact is an estimated \$355 million increase in payments from the Federal Government to IRFs during FY 2027.

**FY 2027 IRF PPS Payment Update**

**Proposed FY 2027 Market Basket Update (Page 22)**

Based on IHS Global Inc.'s (IGI) fourth quarter 2025 forecast with historical data through the third quarter of 2025, the proposed 2021-based IRF market basket percentage increase for FY 2027 is projected to be **3.2 percent**.

**Proposed FY 2027 Productivity Adjustment (Page 23)**

Based on IGI's fourth quarter 2025 forecast, the 10-year moving average growth of total factor productivity (TFP) for FY 2027 is projected to be 0.8 percent.

Therefore, the proposed FY 2027 IRF market basket update is **2.4 percent** (3.2 percent market basket percentage increase reduced by the 0.8 percentage point productivity adjustment).

**Proposed FY 2027 IRF Labor-Related Share (Page 25)**

The table below shows the current estimate of the proposed FY 2027 labor-related share and the FY 2026 final labor-related share using the 2021-based IRF market basket relative importance.

**FY 2027 Proposed IRF Labor-Related Share and FY 2026 IRF Labor-Related-Share**

	<b>FY 2027 Proposed Labor-Related Share</b>	<b>FY 2026 Final Labor-Related Share</b>
Wages and Salaries	49.5	49.4
Employee Benefits	11.8	11.8
Professional Fees: Labor-Related	5.5	5.5
Administrative and Facilities Support Services	0.7	0.7
Installation, Maintenance, and Repair Services	1.5	1.5
All Other: Labor-Related Services	1.8	1.8
<b>Subtotal</b>	<b>70.8</b>	<b>70.7</b>
Labor-related portion of Capital-Related (46%)	3.7	3.7
<b>Total Labor-Related Share</b>	<b>74.5</b>	<b>74.4</b>

**Description of the Proposed IRF Standard Payment Conversion Factor Methodology and Payment Rates for FY 2027 (Page 33)**

**Calculations to Determine the Proposed FY 2027 IRF Standard Payment Conversion Factor**

Explanation for Adjustment	Calculations
FY 2026 Standard Payment Conversion Factor	\$19,371
Market Basket Update for FY 2027 of 2.4 percent	x 1.0240
Budget Neutrality Factor for the Updates to the Wage Index and Labor-Related Share	x 1.0033
Budget Neutrality Factor for the Revisions to the CMG Relative Weights	x 0.9990
<b>FY 2027 Standard Payment Conversion Factor</b>	<b>= \$19,881</b>

CMS applies the CMG relative weights in the tables below to the proposed FY 2027 standard payment conversion factor (\$19,881), to determine the unadjusted IRF prospective payment rates for FY 2027.

**Proposed Updates to the CMG Relative Weights and Average Length of Stay (ALOS) Values for FY 2027 (Page 17)**

CMG	CMG Description (M=motor, A=age)	Relative weight				Average Length of Stay			
		Tier 1	Tier 2	Tier 3	No Comorbidity Tier	Tier 1	Tier 2	Tier 3	No Comorbidity Tier
0101	Stroke M >=72.50	0.9844	0.8447	0.7705	0.7391	9	9	9	8
0102	Stroke M >=63.50 and M <72.50	1.2538	1.0759	0.9814	0.9414	11	11	10	10
0103	Stroke M >=50.50 and M <63.50	1.6081	1.3799	1.2587	1.2074	13	14	13	13
0104	Stroke M >=41.50 and M <50.50	2.0341	1.7455	1.5921	1.5272	17	17	16	16
0105	Stroke M <41.50 and A >=84.50	2.5913	2.2236	2.0282	1.9456	21	22	19	19
0106	Stroke M <41.50 and A <84.50	2.9542	2.5351	2.3123	2.2180	24	24	22	22
0201	Traumatic brain injury M >=73.50	1.1120	0.8824	0.8093	0.7588	10	9	9	8
0202	Traumatic brain injury M >=61.50 and M <73.50	1.3719	1.0887	0.9984	0.9362	11	12	10	10
0203	Traumatic brain injury M >=49.50 and M <61.50	1.7228	1.3671	1.2537	1.1756	14	14	13	12
0204	Traumatic brain injury M >=35.50 and M <49.50	2.1321	1.6919	1.5516	1.4549	17	17	15	15
0205	Traumatic brain injury M <35.50	2.7604	2.1905	2.0089	1.8837	27	22	19	18
0301	Non-traumatic brain injury M >=65.50	1.2279	0.9412	0.8834	0.8173	10	9	9	9
0302	Non-traumatic brain injury M >=52.50 and M <65.50	1.5816	1.2123	1.1378	1.0528	13	12	11	11
0303	Non-traumatic brain injury M >=42.50 and M <52.50	1.9185	1.4706	1.3802	1.2770	15	14	13	13
0304	Non-traumatic brain injury M <42.50 and A >=78.50	2.2528	1.7268	1.6207	1.4995	18	16	15	15
0305	Non-traumatic brain injury M <42.50 and A <78.50	2.4421	1.8719	1.7569	1.6255	20	18	17	16
0401	Traumatic spinal cord injury M >=56.50	1.3111	1.1276	1.0549	0.9621	13	12	11	11

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CMG	CMG Description (M=motor, A=age)	Relative weight				Average Length of Stay			
		Tier 1	Tier 2	Tier 3	No Comorbidity Tier	Tier 1	Tier 2	Tier 3	No Comorbidity Tier
0402	Traumatic spinal cord injury M >=47.50 and M <56.50	1.6356	1.4067	1.3160	1.2002	14	14	14	13
0403	Traumatic spinal cord injury M >=41.50 and M <47.50	2.0796	1.7885	1.6732	1.5260	18	17	17	16
0404	Traumatic spinal cord injury M <31.50 and A <61.50	3.1015	2.6673	2.4955	2.2759	23	32	25	18
0405	Traumatic spinal cord injury M >=31.50 and M <41.50	2.5838	2.2221	2.0790	1.8960	23	21	20	20
0406	Traumatic spinal cord injury M >=24.50 and M <31.50 and A >=61.50	3.2045	2.7559	2.5784	2.3515	25	28	24	24
0407	Traumatic spinal cord injury M <24.50 and A >=61.50	4.4781	3.8512	3.6031	3.2860	53	37	32	32
0501	Non-traumatic spinal cord injury M >=60.50	1.2720	1.0068	0.9452	0.8793	12	10	10	10
0502	Non-traumatic spinal cord injury M =53.50 and M <60.50	1.5597	1.2345	1.1589	1.0781	13	12	12	12
0503	Non-traumatic spinal cord injury M >=48.50 and M <53.50	1.7609	1.3937	1.3084	1.2172	14	14	13	13
0504	Non-traumatic spinal cord injury M >=39.50 and M <48.50	2.1134	1.6727	1.5703	1.4608	19	16	15	15
0505	Non-traumatic spinal cord injury M <39.50	2.9583	2.3415	2.1981	2.0449	25	22	21	20
0601	Neurological M >=64.50	1.3672	1.0013	0.9323	0.8546	10	10	9	9
0602	Neurological M >=52.50 and M <64.50	1.7013	1.2460	1.1601	1.0634	13	12	11	11
0603	Neurological M >=43.50 and M <52.50	1.9961	1.4619	1.3612	1.2477	15	14	13	13
0604	Neurological M <43.50	2.5172	1.8436	1.7165	1.5734	19	17	16	15
0701	Fracture of lower extremity M >=61.50	1.2479	0.9654	0.9063	0.8402	10	10	10	9
0702	Fracture of lower extremity M >=52.50 and M <61.50	1.5499	1.1991	1.1256	1.0435	12	12	12	11
0703	Fracture of lower extremity M >=41.50 and M <52.50	1.9272	1.4910	1.3996	1.2975	15	15	14	13
0704	Fracture of lower extremity M <41.50	2.3801	1.8413	1.7285	1.6024	19	18	17	16
0801	Replacement of lower-extremity joint M >=63.50	1.2014	0.9657	0.8859	0.8405	10	10	9	9
0802	Replacement of lower-extremity joint M >=57.50 and M <63.50	1.3629	1.0956	1.0050	0.9535	11	11	10	10
0803	Replacement of lower-extremity joint M >=51.50 and M <57.50	1.5045	1.2094	1.1094	1.0526	12	11	11	11
0804	Replacement of lower-extremity joint M >=42.50 and M <51.50	1.7129	1.3769	1.2630	1.1983	14	13	12	12
0805	Replacement of lower-extremity joint M <42.50	2.1019	1.6896	1.5499	1.4705	17	16	15	14
0901	Other orthopedic M >=63.50	1.2045	0.9344	0.8833	0.8185	10	10	9	9
0902	Other orthopedic M >=51.50 and M <63.50	1.5298	1.1867	1.1218	1.0396	12	12	11	11
0903	Other orthopedic M >=44.50 and M <51.50	1.8056	1.4007	1.3241	1.2270	14	13	13	13
0904	Other orthopedic M <44.5	2.1997	1.7064	1.6131	1.4947	17	16	16	15
1001	Amputation lower extremity M >=64.50	1.2128	1.0262	0.9176	0.8309	10	11	10	9
1002	Amputation lower extremity M >=55.50 and M <64.50	1.4950	1.2650	1.1312	1.0242	13	12	12	11
1003	Amputation lower extremity M >=47.50 and M <55.50	1.8265	1.5454	1.3820	1.2513	15	14	14	13
1004	Amputation lower extremity M <47.50	2.3300	1.9714	1.7629	1.5962	18	19	17	16

CMG	CMG Description (M=motor, A=age)	Relative weight				Average Length of Stay			
		Tier 1	Tier 2	Tier 3	No Comorbidity Tier	Tier 1	Tier 2	Tier 3	No Comorbidity Tier
1101	Amputation non-lower extremity M >=58.50	1.2203	1.0195	1.0115	0.8957	10	11	11	9
1102	Amputation non-lower extremity M >=52.50 and M <58.50	1.5504	1.2952	1.2851	1.1380	12	13	13	10
1103	Amputation non-lower extremity M <52.50	1.9501	1.6292	1.6164	1.4314	18	15	16	12
1201	Osteoarthritis M >=61.50	1.1325	0.9930	0.9008	0.8454	10	10	9	9
1202	Osteoarthritis M >=49.50 and M <61.50	1.3995	1.2271	1.1132	1.0448	12	14	11	11
1203	Osteoarthritis M <49.50 and A >=74.50	1.8608	1.6317	1.4802	1.3892	15	16	15	14
1204	Osteoarthritis M <49.50 and A <74.50	1.8428	1.6158	1.4659	1.3757	15	15	15	13
1301	Rheumatoid other arthritis M >=62.50	1.1926	0.9161	0.9060	0.8269	10	7	9	9
1302	Rheumatoid other arthritis M >=51.50 and M <62.50	1.5763	1.2108	1.1975	1.0929	13	12	11	11
1303	Rheumatoid other arthritis M >=44.50 and M <51.50 and A >=64.50	1.8210	1.3988	1.3834	1.2626	15	14	13	13
1304	Rheumatoid other arthritis M <44.50 and A >=64.50	2.2779	1.7497	1.7305	1.5793	16	18	16	15
1305	Rheumatoid other arthritis M <51.50 and A <64.50	2.1630	1.6614	1.6432	1.4996	16	15	16	15
1401	Cardiac M >=68.50	1.1232	0.9014	0.8241	0.7542	10	9	9	8
1402	Cardiac M >=55.50 and M <68.50	1.4297	1.1473	1.0490	0.9600	12	11	10	10
1403	Cardiac M >=45.50 and M <55.50	1.7420	1.3979	1.2781	1.1697	14	13	12	12
1404	Cardiac M <45.50	2.1238	1.7043	1.5583	1.4261	18	16	15	14
1501	Pulmonary M >=68.50	1.3315	1.0532	0.9963	0.9396	12	10	9	9
1502	Pulmonary M >=56.50 and M <68.50	1.6618	1.3145	1.2435	1.1727	13	12	11	11
1503	Pulmonary M >=45.50 and M <56.50	1.8975	1.5009	1.4199	1.3391	14	13	13	12
1504	Pulmonary M <45.50	2.3417	1.8523	1.7523	1.6526	20	16	15	15
1601	Pain syndrome M >=65.50	1.1604	0.8844	0.8055	0.7378	9	9	9	8
1602	Pain syndrome M >=58.50 and M <65.50	1.3988	1.0661	0.9710	0.8893	11	11	10	10
1603	Pain syndrome M >=43.50 and M <58.50	1.8072	1.3773	1.2545	1.1490	13	14	13	13
1604	Pain syndrome M <43.50	2.3376	1.7816	1.6226	1.4862	15	16	16	15
1701	Major multiple trauma without brain or spinal cord injury M >=57.50	1.4118	1.0361	0.9599	0.8931	11	11	10	10
1702	Major multiple trauma without brain or spinal cord injury M >=50.50 and M <57.50	1.7470	1.2821	1.1878	1.1051	14	14	12	12
1703	Major multiple trauma without brain or spinal cord injury M >=41.50 and M <50.50	2.0375	1.4953	1.3853	1.2889	15	15	14	13
1704	Major multiple trauma without brain or spinal cord injury M >=36.50 and M <41.50	2.3316	1.7111	1.5852	1.4749	18	17	15	15
1705	Major multiple trauma without brain or spinal cord injury M <36.50	2.7785	2.0390	1.8890	1.7575	21	19	18	17
1801	Major multiple trauma with brain or spinal cord injury M >=67.50	1.1369	0.9112	0.8488	0.7858	10	11	9	9
1802	Major multiple trauma with brain or spinal cord injury M >=55.50 and M <67.50	1.4359	1.1509	1.0720	0.9925	12	12	11	11
1803	Major multiple trauma with brain or spinal cord injury M >=45.50 and M <55.50	1.8201	1.4588	1.3589	1.2580	14	15	14	13
1804	Major multiple trauma with brain or spinal cord injury M >=40.50 and M <45.50	2.0490	1.6423	1.5297	1.4162	16	16	15	15

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CMG	CMG Description (M=motor, A=age)	Relative weight				Average Length of Stay			
		Tier 1	Tier 2	Tier 3	No Comorbidity Tier	Tier 1	Tier 2	Tier 3	No Comorbidity Tier
1805	Major multiple trauma with brain or spinal cord injury M >=30.50 and M <40.50	2.4949	1.9997	1.8627	1.7245	22	20	18	17
1806	Major multiple trauma with brain or spinal cord injury M <30.50	3.5322	2.8311	2.6371	2.4414	38	27	24	23
1901	Guillain-Barré M >=66.50	1.1076	0.9636	0.8527	0.8358	13	11	9	9
1902	Guillain-Barré M >=51.50 and M <66.50	1.5861	1.3798	1.2210	1.1969	18	15	13	12
1903	Guillain-Barré M >=38.50 and M <51.50	2.2925	1.9944	1.7648	1.7299	23	19	17	18
1904	Guillain-Barré M <38.50	3.4515	3.0026	2.6569	2.6045	37	29	25	25
2001	Miscellaneous M >=66.50	1.2086	0.9511	0.8750	0.8123	10	10	9	9
2002	Miscellaneous M >=55.50 and M <66.50	1.4951	1.1765	1.0823	1.0048	12	11	11	10
2003	Miscellaneous M >=46.50 and M <55.50	1.7727	1.3950	1.2834	1.1914	14	14	13	12
2004	Miscellaneous M <46.50 and A >=77.50	2.1382	1.6825	1.5479	1.4370	17	16	15	15
2005	Miscellaneous M <46.50 and A <77.50	2.2758	1.7908	1.6475	1.5294	18	17	16	15
2101	Burns M >=52.50	1.5910	1.3048	1.2156	1.0359	11	15	13	11
2102	Burns M <52.50	2.4627	2.0198	1.8817	1.6035	14	20	18	15
5001	Short-stay cases, length of stay is 3 days or fewer	0.0000	0.0000	0.0000	0.1764	0	0	0	2
5101	Expired, orthopedic, length of stay is 13 days or fewer	0.0000	0.0000	0.0000	0.8614	0	0	0	8
5102	Expired, orthopedic, length of stay is 14 days or more	0.0000	0.0000	0.0000	1.9493	0	0	0	18
5103	Expired, not orthopedic, length of stay is 15 days or fewer	0.0000	0.0000	0.0000	0.9517	0	0	0	9
5104	Expired, not orthopedic, length of stay is 16 days or more	0.0000	0.0000	0.0000	2.2709	0	0	0	20

**Proposed FY 2027 IRF PPS Payment Rates (Page 35)**

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
0101	\$ 19,570.86	\$ 16,793.48	\$ 15,318.31	\$ 14,694.05
0102	\$ 24,926.80	\$ 21,389.97	\$ 19,511.21	\$ 18,715.97
0103	\$ 31,970.64	\$ 27,433.79	\$ 25,024.21	\$ 24,004.32
0104	\$ 40,439.94	\$ 34,702.29	\$ 31,652.54	\$ 30,362.26
0105	\$ 51,517.64	\$ 44,207.39	\$ 40,322.64	\$ 38,680.47
0106	\$ 58,732.45	\$ 50,400.32	\$ 45,970.84	\$ 44,096.06
0201	\$ 22,107.67	\$ 17,542.99	\$ 16,089.69	\$ 15,085.70
0202	\$ 27,274.74	\$ 21,644.44	\$ 19,849.19	\$ 18,612.59
0203	\$ 34,250.99	\$ 27,179.32	\$ 24,924.81	\$ 23,372.10
0204	\$ 42,388.28	\$ 33,636.66	\$ 30,847.36	\$ 28,924.87
0205	\$ 54,879.51	\$ 43,549.33	\$ 39,938.94	\$ 37,449.84
0301	\$ 24,411.88	\$ 18,712.00	\$ 17,562.88	\$ 16,248.74
0302	\$ 31,443.79	\$ 24,101.74	\$ 22,620.60	\$ 20,930.72
0303	\$ 38,141.70	\$ 29,237.00	\$ 27,439.76	\$ 25,388.04
0304	\$ 44,787.92	\$ 34,330.51	\$ 32,221.14	\$ 29,811.56
0305	\$ 48,551.39	\$ 37,215.24	\$ 34,928.93	\$ 32,316.57
0401	\$ 26,065.98	\$ 22,417.82	\$ 20,972.47	\$ 19,127.51

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CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
0402	\$ 32,517.36	\$ 27,966.60	\$ 26,163.40	\$ 23,861.18
0403	\$ 41,344.53	\$ 35,557.17	\$ 33,264.89	\$ 30,338.41
0404	\$ 61,660.92	\$ 53,028.59	\$ 49,613.04	\$ 45,247.17
0405	\$ 51,368.53	\$ 44,177.57	\$ 41,332.60	\$ 37,694.38
0406	\$ 63,708.66	\$ 54,790.05	\$ 51,261.17	\$ 46,750.17
0407	\$ 89,029.11	\$ 76,565.71	\$ 71,633.23	\$ 65,328.97
0501	\$ 25,288.63	\$ 20,016.19	\$ 18,791.52	\$ 17,481.36
0502	\$ 31,008.40	\$ 24,543.09	\$ 23,040.09	\$ 21,433.71
0503	\$ 35,008.45	\$ 27,708.15	\$ 26,012.30	\$ 24,199.15
0504	\$ 42,016.51	\$ 33,254.95	\$ 31,219.13	\$ 29,042.16
0505	\$ 58,813.96	\$ 46,551.36	\$ 43,700.43	\$ 40,654.66
0601	\$ 27,181.30	\$ 19,906.85	\$ 18,535.06	\$ 16,990.30
0602	\$ 33,823.55	\$ 24,771.73	\$ 23,063.95	\$ 21,141.46
0603	\$ 39,684.46	\$ 29,064.03	\$ 27,062.02	\$ 24,805.52
0604	\$ 50,044.45	\$ 36,652.61	\$ 34,125.74	\$ 31,280.77
0701	\$ 24,809.50	\$ 19,193.12	\$ 18,018.15	\$ 16,704.02
0702	\$ 30,813.56	\$ 23,839.31	\$ 22,378.05	\$ 20,745.82
0703	\$ 38,314.66	\$ 29,642.57	\$ 27,825.45	\$ 25,795.60
0704	\$ 47,318.77	\$ 36,606.89	\$ 34,364.31	\$ 31,857.31
0801	\$ 23,885.03	\$ 19,199.08	\$ 17,612.58	\$ 16,709.98
0802	\$ 27,095.81	\$ 21,781.62	\$ 19,980.41	\$ 18,956.53
0803	\$ 29,910.96	\$ 24,044.08	\$ 22,055.98	\$ 20,926.74
0804	\$ 34,054.16	\$ 27,374.15	\$ 25,109.70	\$ 23,823.40
0805	\$ 41,787.87	\$ 33,590.94	\$ 30,813.56	\$ 29,235.01
0901	\$ 23,946.66	\$ 18,576.81	\$ 17,560.89	\$ 16,272.60
0902	\$ 30,413.95	\$ 23,592.78	\$ 22,302.51	\$ 20,668.29
0903	\$ 35,897.13	\$ 27,847.32	\$ 26,324.43	\$ 24,393.99
0904	\$ 43,732.24	\$ 33,924.94	\$ 32,070.04	\$ 29,716.13
1001	\$ 24,111.68	\$ 20,401.88	\$ 18,242.81	\$ 16,519.12
1002	\$ 29,722.10	\$ 25,149.47	\$ 22,489.39	\$ 20,362.12
1003	\$ 36,312.65	\$ 30,724.10	\$ 27,475.54	\$ 24,877.10
1004	\$ 46,322.73	\$ 39,193.40	\$ 35,048.21	\$ 31,734.05
1101	\$ 24,260.78	\$ 20,268.68	\$ 20,109.63	\$ 17,807.41
1102	\$ 30,823.50	\$ 25,749.87	\$ 25,549.07	\$ 22,624.58
1103	\$ 38,769.94	\$ 32,390.13	\$ 32,135.65	\$ 28,457.66
1201	\$ 22,515.23	\$ 19,741.83	\$ 17,908.80	\$ 16,807.40
1202	\$ 27,823.46	\$ 24,395.98	\$ 22,131.53	\$ 20,771.67
1203	\$ 36,994.56	\$ 32,439.83	\$ 29,427.86	\$ 27,618.69
1204	\$ 36,636.71	\$ 32,123.72	\$ 29,143.56	\$ 27,350.29
1301	\$ 23,710.08	\$ 18,212.98	\$ 18,012.19	\$ 16,439.60
1302	\$ 31,338.42	\$ 24,071.91	\$ 23,807.50	\$ 21,727.94
1303	\$ 36,203.30	\$ 27,809.54	\$ 27,503.38	\$ 25,101.75
1304	\$ 45,286.93	\$ 34,785.79	\$ 34,404.07	\$ 31,398.06
1305	\$ 43,002.60	\$ 33,030.29	\$ 32,668.46	\$ 29,813.55
1401	\$ 22,330.34	\$ 17,920.73	\$ 16,383.93	\$ 14,994.25
1402	\$ 28,423.87	\$ 22,809.47	\$ 20,855.17	\$ 19,085.76

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CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
1403	\$ 34,632.70	\$ 27,791.65	\$ 25,409.91	\$ 23,254.81
1404	\$ 42,223.27	\$ 33,883.19	\$ 30,980.56	\$ 28,352.29
1501	\$ 26,471.55	\$ 20,938.67	\$ 19,807.44	\$ 18,680.19
1502	\$ 33,038.25	\$ 26,133.57	\$ 24,722.02	\$ 23,314.45
1503	\$ 37,724.20	\$ 29,839.39	\$ 28,229.03	\$ 26,622.65
1504	\$ 46,555.34	\$ 36,825.58	\$ 34,837.48	\$ 32,855.34
1601	\$ 23,069.91	\$ 17,582.76	\$ 16,014.15	\$ 14,668.20
1602	\$ 27,809.54	\$ 21,195.13	\$ 19,304.45	\$ 17,680.17
1603	\$ 35,928.94	\$ 27,382.10	\$ 24,940.71	\$ 22,843.27
1604	\$ 46,473.83	\$ 35,419.99	\$ 32,258.91	\$ 29,547.14
1701	\$ 28,068.00	\$ 20,598.70	\$ 19,083.77	\$ 17,755.72
1702	\$ 34,732.11	\$ 25,489.43	\$ 23,614.65	\$ 21,970.49
1703	\$ 40,507.54	\$ 29,728.06	\$ 27,541.15	\$ 25,624.62
1704	\$ 46,354.54	\$ 34,018.38	\$ 31,515.36	\$ 29,322.49
1705	\$ 55,239.36	\$ 40,537.36	\$ 37,555.21	\$ 34,940.86
1801	\$ 22,602.71	\$ 18,115.57	\$ 16,874.99	\$ 15,622.49
1802	\$ 28,547.13	\$ 22,881.04	\$ 21,312.43	\$ 19,731.89
1803	\$ 36,185.41	\$ 29,002.40	\$ 27,016.29	\$ 25,010.30
1804	\$ 40,736.17	\$ 32,650.57	\$ 30,411.97	\$ 28,155.47
1805	\$ 49,601.11	\$ 39,756.04	\$ 37,032.34	\$ 34,284.78
1806	\$ 70,223.67	\$ 56,285.10	\$ 52,428.19	\$ 48,537.47
1901	\$ 22,020.20	\$ 19,157.33	\$ 16,952.53	\$ 16,616.54
1902	\$ 31,533.25	\$ 27,431.80	\$ 24,274.70	\$ 23,795.57
1903	\$ 45,577.19	\$ 39,650.67	\$ 35,085.99	\$ 34,392.14
1904	\$ 68,619.27	\$ 59,694.69	\$ 52,821.83	\$ 51,780.06
2001	\$ 24,028.18	\$ 18,908.82	\$ 17,395.88	\$ 16,149.34
2002	\$ 29,724.08	\$ 23,390.00	\$ 21,517.21	\$ 19,976.43
2003	\$ 35,243.05	\$ 27,734.00	\$ 25,515.28	\$ 23,686.22
2004	\$ 42,509.55	\$ 33,449.78	\$ 30,773.80	\$ 28,569.00
2005	\$ 45,245.18	\$ 35,602.89	\$ 32,753.95	\$ 30,406.00
2101	\$ 31,630.67	\$ 25,940.73	\$ 24,167.34	\$ 20,594.73
2102	\$ 48,960.94	\$ 40,155.64	\$ 37,410.08	\$ 31,879.18
5001	\$ -	\$ -	\$ -	\$ 3,507.01
5101	\$ -	\$ -	\$ -	\$ 17,125.49
5102	\$ -	\$ -	\$ -	\$ 38,754.03
5103	\$ -	\$ -	\$ -	\$ 18,920.75
5104	\$ -	\$ -	\$ -	\$ 45,147.76

**Final Year of the 3-Year Phase Out of the Rural Adjustment (Page 32)**

For FY 2027, CMS is continuing the 3-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.

This final step is part of a gradual reduction of the 14.9 percent rural adjustment over three fiscal years FYs 2025, 2026 and 2027.

***Proposed Update to Payments for High-Cost Outliers under the IRF PPS for FY 2027***  
(Page 39)

Based on an analysis of the preliminary data used for the proposed rule, CMS estimates that IRF outlier payments as a percentage of total estimated payments will be approximately 2.6 percent in FY 2026.

Therefore, CMS proposes to update the outlier threshold amount from \$10,141 for FY 2026 to \$8,689 for FY 2027 to maintain estimated outlier payments at approximately 3.0 percent of total estimated aggregate IRF payments for FY 2027.

**Proposals to Revise the Basis of Payment Requirements**

***Proposal on the Initiation of Therapies Within 36-Hours from Admission*** (Page 44)

CMS is proposing to revise § 416.622(a)(3)(ii) to require all therapy treatments and/or therapy evaluations must begin no later than 36 hours after midnight of the day of admission. An IRF claim will not be considered reasonable and necessary (in accordance with section 1862(a)(1) of the act) if it does not comply with this coverage criteria.

***Proposal to Update the Documentation of Current Functional Status in the Preadmission Screening*** (Page 44)

CMS is proposing to revise § 412.622(a)(4)(i)(B) to require that the patient's "current functional status" be documented in the patient's preadmission screening in their medical record at admission.

***Proposed Initial Interdisciplinary Team Meeting*** (Page 45)

CMS proposes to revise § 412.622(a)(5)(ii) to specify that the first IDT meeting shall occur on or before the fourth day from midnight on the date the patient is admitted to implement appropriate treatment services; establish or review the patient's stated rehabilitation goals; and identify any problems that could impede goals.

***Inpatient Rehabilitation Facility (IRF) Quality Reporting Program (QRP)*** (Page 58)

CMS proposes to revise the timeframe for data submission from 4.5 months to 45 days beginning with the FY 2029 IRF QRP. CMS says this "shortened data submission timeframe would reduce the lag in public reporting by up to three months resulting in more timely public reporting of data for consumers and their families." IRFs would also have earlier access to data in support of their quality initiatives.

***Proposed Change to the DMEPOS Competitive Bidding Program (CBP)*** (Page 66)

***Bid Surety Bond Amount***

At § 414.412(g)(2)(i)(H), CMS is proposing that for future rounds of the DMEPOS CBP, the bid surety bond amount would remain at \$50,000, and CMS proposes to revise § 412(g)(2)(i)(H) to no longer use the term "bid bond value" and instead use the more common term "bid surety bond amount."

**Final Comments**

Please note that we have not summarized all items in the proposal. For example, there is section pertaining to form and manner of reporting information.

While the proposal is easy to follow, it, like almost all regulations, simply contain too much unneeded prior history.

CMS still hasn't provided any rational reasons for its continued need to include so much prior history. Items that, for the most part, no longer pertain to current requirements.

The proposal contains information on Form, Manner, and Timing of Data Submission Under the IRF QRP. We refer readers to the material beginning on page 60.

This is the second of 4 proposed PPS updates issued on April 2. This one, like the update for hospice, has an update factor of 2.4 percent. It would be very insightful if CMS provided actual rate increases in addition to its reliance on Global Services numbers. Of course, if such numbers were available it could suggest that these yearly increases have been understated.