WASHINGTON

perspectives

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

April 16, 2025

CMS Releases Proposed Inpatient Rehabilitation Facility FY 2026 PPS Update

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

A copy of the 94-page document is available at: https://public-inspection.federalregister.gov/2025-06336.pdf. The rule is scheduled for publication in the ***Federal Register*** on Aril 30. A comment period ending June 10 is provided.

The proposed rule would update the prospective payment rates for IRFs for FY 2026. The proposal 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.

For the IRF QRP, this rule proposes 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.

Additionally, CMS proposes to remove four Standardized Patient Assessment Data Elements under the Social Determinant of Health (SDOH) category with the FY2028 IRF QRP.

Comment

Once again, 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, whereas CMS has the area wage index changes first.

CMS provides the following cost analysis of the rule. (Page 5)

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.

PROPOSED FY 2026 IRF PPS PAYMENT UPDATE (Page 21)

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

Based on IGI's fourth quarter 2024 forecast with historical data through the third quarter of 2024, the proposed 2021-based IRF market basket percentage increase for FY 2026 is projected to be 3.4 percent.

Using IGI's fourth quarter 2024 forecast, the 10-year moving average growth of TFP for FY 2026 is projected to be 0.8 percent.

CMS is proposing to reduce the market basket percentage increase by the proposed productivity adjustment for FY 2026 of 0.8 percentage point.

Therefore, the proposed FY 2026 IRF market basket update is **2.6 percent** (3.4 percent market basket percentage increase reduced by the 0.8 percentage point productivity adjustment).

Proposed Labor-Share (Page 23)

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

Proposed FY 2026 IRF Labor-Related Share and FY 2025 IRF Labor-Related Share

	Proposed FY 2026 Labor-Related Share	FY 2025 Labor Related Share
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
Subtotal	**70.8**	**70.7**
Labor-related portion of Capital-Related (46%)	3.7	3.7
Total Labor-Related Share	**74.5**	**74.4**

Proposed Wage Adjustment for FY 2026 (Page 25)

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.

IRF Budget-Neutral Wage Adjustment Factor Methodology (Page 30)

The proposed FY 2026 budget-neutral wage adjustment factor is 0.9997.

Description of the IRF Standard Payment Conversion Factor and Payment Rates for FY 2026 (Page 31)

Calculations to Determine the Proposed FY 2026 Standard Payment Conversion Factor

Explanation for Adjustment	Calculations
FY 2025 Standard Payment Conversion Factor	$18,907
Proposed Market Basket Increase Factor for FY 2026 of 2.6 percent	x 1.026
Proposed Budget Neutrality Factor for the Updates to the Wage Index and Labor-Related Share	x 0.9997
Proposed Budget Neutrality Factor for the Revisions to the CMG Relative Weights	x 0.9985
Proposed FY 2026 Standard Payment Conversion Factor	**= $19,364**

CMS applies the proposed CMG relative weights in the tables below to the FY 2026 proposed standard payment conversion factor ($19,364), to determine the proposed unadjusted IRF prospective payment rates for FY 2026.

Proposed 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	0.9697	0.8587	0.7788	0.7385	8	10	9	8
0102	Stroke M >=63.50 and M <72.50	1.2343	1.0930	0.9913	0.9400	11	11	11	10
0103	Stroke M >=50.50 and M <63.50	1.5845	1.4032	1.2726	1.2067	14	15	13	13
0104	Stroke M >=41.50 and M <50.50	2.0235	1.7919	1.6252	1.5410	16	17	16	16
0105	Stroke M <41.50 and A >=84.50	2.5170	2.2288	2.0214	1.9168	23	21	20	19
0106	Stroke M <41.50 and A <84.50	2.8396	2.5145	2.2805	2.1625	24	24	22	22
0201	Traumatic brain injury M >=73.50	1.0683	0.8491	0.7764	0.7290	10	9	8	9
0202	Traumatic brain injury M >=61.50 and M <73.50	1.3868	1.1023	1.0080	0.9464	12	11	11	10
0203	Traumatic brain injury M >=49.50 and M <61.50	1.7260	1.3718	1.2544	1.1778	14	14	13	12
0204	Traumatic brain injury M >=35.50 and M <49.50	2.1262	1.6899	1.5453	1.4510	17	17	15	15
0205	Traumatic brain injury M <35.50	2.7176	2.1599	1.9751	1.8545	28	22	19	18
0301	Non-traumatic brain injury M >=65.50	1.1966	0.9469	0.8820	0.8266	10	10	9	9
0302	Non-traumatic brain injury M >=52.50 and M <65.50	1.5479	1.2249	1.1409	1.0693	12	12	11	11
0303	Non-traumatic brain injury M >=42.50 and M <52.50	1.8292	1.4474	1.3482	1.2637	14	14	13	13
0304	Non-traumatic brain injury M <42.50 and A >=78.50	2.1701	1.7172	1.5995	1.4992	18	17	16	15
0305	Non-traumatic brain injury M <42.50 and A <78.50	2.3748	1.8791	1.7503	1.6405	19	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	Tier1	Tier 2	Tier3	No Comorbidity Tier
0401	Traumatic spinal cord injury M >=56.50	1.3893	1.1118	1.0829	0.9772	12	12	11	11
0402	Traumatic spinal cord injury M >=47.50 and M <56.50	1.7371	1.3901	1.3540	1.2219	15	14	14	13
0403	Traumatic spinal cord injury M >=41.50 and M <47.50	1.9959	1.5972	1.5558	1.4039	17	15	16	15
0404	Traumatic spinal cord injury M <31.50 and A <61.50	3.2642	2.6122	2.5444	2.2960	23	33	25	21
0405	Traumatic spinal cord injury M >=31.50 and M <41.50	2.5786	2.0635	2.0100	1.8138	20	20	21	19
0406	Traumatic spinal cord injury M >=24.50 and M <31.50 and A >=61.50	3.3730	2.6993	2.6292	2.3726	24	28	26	24
0407	Traumatic spinal cord injury M <24.50 and A >=61.50	4.6155	3.6936	3.5977	3.2466	42	36	33	33
0501	Non-traumatic spinal cord injury M >=60.50	1.3013	1.0014	0.9327	0.8596	11	10	10	10
0502	Non-traumatic spinal cord injury M >=53.50 and M <60.50	1.6192	1.2460	1.1605	1.0696	14	13	12	12
0503	Non-traumatic spinal cord injury M >=48.50 and M <53.50	1.8350	1.4121	1.3152	1.2122	16	14	14	13
0504	Non-traumatic spinal cord injury M >=39.50 and M <48.50	2.1952	1.6893	1.5734	1.4501	18	16	16	15
0505	Non-traumatic spinal cord injury M <39.50	3.1079	2.3916	2.2276	2.0530	26	23	22	20
0601	Neurological M >=64.50	1.3092	0.9912	0.9334	0.8387	10	10	9	9
0602	Neurological M >=52.50 and M <64.50	1.6292	1.2335	1.1617	1.0437	13	12	11	11
0603	Neurological M >=43.50 and M <52.50	1.9373	1.4668	1.3813	1.2411	15	14	13	13
0604	Neurological M <43.50	2.4500	1.8549	1.7469	1.5695	20	17	16	16
0701	Fracture of lower extremity M >=61.50	1.2309	0.9798	0.9312	0.8505	11	11	10	9
0702	Fracture of lower extremity M >=52.50 and M <61.50	1.5228	1.2122	1.1520	1.0521	13	13	12	11
0703	Fracture of lower extremity M >=41.50 and M <52.50	1.8663	1.4856	1.4119	1.2894	16	15	14	14
0704	Fracture of lower extremity M <41.50	2.3035	1.8336	1.7426	1.5915	18	18	17	16
0801	Replacement of lower-extremity joint M >=63.50	1.1814	0.9934	0.8854	0.8298	10	10	9	9
0802	Replacement of lower-extremity joint M >=57.50 and M <63.50	1.3501	1.1352	1.0118	0.9483	10	10	10	10
0803	Replacement of lower-extremity joint M >=51.50 and M <57.50	1.4822	1.2462	1.1107	1.0410	13	12	11	11
0804	Replacement of lower-extremity joint M >=42.50 and M <51.50	1.6840	1.4159	1.2620	1.1828	14	14	12	12
0805	Replacement of lower-extremity joint M <42.50	2.0966	1.7629	1.5712	1.4726	17	17	15	15
0901	Other orthopedic M >=63.50	1.2391	0.9373	0.8841	0.8068	11	10	9	9
0902	Other orthopedic M >=51.50 and M <63.50	1.5778	1.1935	1.1257	1.0273	13	12	12	11
0903	Other orthopedic M >=44.50 and M <51.50	1.8712	1.4154	1.3350	1.2183	15	14	13	13
0904	Other orthopedic M <44.5	2.2545	1.7053	1.6085	1.4679	18	17	16	15
1001	Amputation lower extremity M >=64.50	1.2283	1.0151	0.9237	0.8570	11	10	10	9
1002	Amputation lower extremity M >=55.50 and M <64.50	1.4982	1.2381	1.1266	1.0453	13	13	12	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
1003	Amputation lower extremity M >=47.50 and M <55.50	1.7827	1.4733	1.3406	1.2438	15	17	14	13
1004	Amputation lower extremity M <47.50	2.3697	1.9584	1.7821	1.6534	19	19	17	17
1101	Amputation non-lower extremity M >=58.50	1.3293	1.2612	1.0830	0.9374	12	12	11	10
1102	Amputation non-lower extremity M >=52.50 and M <58.50	1.5509	1.4714	1.2635	1.0937	13	13	13	11
1103	Amputation non-lower extremity M <52.50	1.9297	1.8308	1.5721	1.3608	16	17	15	13
1201	Osteoarthritis M >=61.50	1.3393	1.0444	0.9380	0.8731	11	10	9	10
1202	Osteoarthritis M >=49.50 and M <61.50	1.5730	1.2267	1.1018	1.0255	13	12	12	11
1203	Osteoarthritis M <49.50 and A >=74.50	2.1102	1.6457	1.4780	1.3758	16	16	15	14
1204	Osteoarthritis M <49.50 and A <74.50	2.1650	1.6884	1.5164	1.4115	16	16	15	15
1301	Rheumatoid other arthritis M >=62.50	1.2479	1.0037	0.9191	0.8373	10	10	10	9
1302	Rheumatoid other arthritis M >=51.50 and M <62.50	1.5219	1.2241	1.1210	1.0212	12	12	11	10
1303	Rheumatoid other arthritis M >=44.50 and M <51.50 and A >=64.50	1.7556	1.4121	1.2931	1.1780	13	14	13	12
1304	Rheumatoid other arthritis M <44.50 and A >=64.50	2.2654	1.8222	1.6686	1.5201	16	17	16	15
1305	Rheumatoid other arthritis M <51.50 and A <64.50	2.2620	1.8194	1.6661	1.5178	17	18	16	14
1401	Cardiac M >=68.50	1.1169	0.8993	0.8304	0.7637	10	9	9	8
1402	Cardiac M >=55.50 and M <68.50	1.4255	1.1478	1.0599	0.9747	12	12	11	10
1403	Cardiac M >=45.50 and M <55.50	1.7248	1.3888	1.2824	1.1793	14	14	13	12
1404	Cardiac M <45.50	2.1509	1.7319	1.5992	1.4706	18	17	15	15
1501	Pulmonary M >=68.50	1.3026	1.0482	0.9827	0.9427	10	10	9	9
1502	Pulmonary M >=56.50 and M <68.50	1.5938	1.2826	1.2024	1.1534	12	12	11	11
1503	Pulmonary M >=45.50 and M <56.50	1.8650	1.5008	1.4070	1.3497	15	14	13	13
1504	Pulmonary M <45.50	2.3356	1.8795	1.7620	1.6903	20	16	16	15
1601	Pain syndrome M >=65.50	1.0664	0.9423	0.8581	0.7820	9	10	9	9
1602	Pain syndrome M >=58.50 and M <65.50	1.2816	1.1325	1.0313	0.9398	11	12	11	10
1603	Pain syndrome M >=43.50 and M <58.50	1.5549	1.3739	1.2511	1.1401	13	14	13	12
1604	Pain syndrome M <43.50	2.0297	1.7935	1.6332	1.4883	14	19	16	15
1701	Major multiple trauma without brain or spinal cord injury M >=57.50	1.3155	1.0444	0.9710	0.8933	12	10	10	10
1702	Major multiple trauma without brain or spinal cord injury M >=50.50 and M <57.50	1.6171	1.2839	1.1937	1.0982	13	13	12	12
1703	Major multiple trauma without brain or spinal cord injury M >=41.50 and M <50.50	1.9018	1.5099	1.4039	1.2915	15	15	14	13
1704	Major multiple trauma without brain or spinal cord injury M >=36.50 and M <41.50	2.1914	1.7398	1.6177	1.4882	18	17	16	15
1705	Major multiple trauma without brain or spinal cord injury M <36.50	2.5452	2.0207	1.8788	1.7284	19	19	18	17
1801	Major multiple trauma with brain or spinal cord injury M >=67.50	1.1158	0.9175	0.8393	0.7885	11	10	9	9

CMG	CMG Description (M=motor, A=age)	Relative Weight Tier 1	Tier 2	Tier 3	No Comorbidity Tier	Average Length of Stay Tier1	Tier 2	Tier3	No Comorbidity Tier
1802	Major multiple trauma with brain or spinal cord injury M >=55.50 and M <67.50	1.4226	1.1697	1.0701	1.0053	14	13	11	11
1803	Major multiple trauma with brain or spinal cord injury M >=45.50 and M <55.50	1.7727	1.4576	1.3333	1.2526	17	15	14	13
1804	Major multiple trauma with brain or spinal cord injury M >=40.50 and M <45.50	2.0721	1.7037	1.5585	1.4642	19	17	15	16
1805	Major multiple trauma with brain or spinal cord injury M >=30.50 and M <40.50	2.4800	2.0391	1.8654	1.7524	23	20	18	18
1806	Major multiple trauma with brain or spinal cord injury M <30.50	3.5400	2.9107	2.6627	2.5014	35	28	27	24
1901	Guillain-Barré M >=66.50	1.3483	0.9457	0.8276	0.8220	11	10	9	9
1902	Guillain-Barré M >=51.50 and M <66.50	1.9581	1.3734	1.2018	1.1937	15	14	13	13
1903	Guillain-Barré M >=38.50 and M <51.50	2.7789	1.9491	1.7057	1.6942	20	18	17	18
1904	Guillain-Barré M <38.50	4.2665	2.9925	2.6187	2.6010	37	30	26	25
2001	Miscellaneous M >=66.50	1.1903	0.9543	0.8870	0.8121	10	10	9	9
2002	Miscellaneous M >=55.50 and M <66.50	1.4763	1.1836	1.1001	1.0073	12	12	11	11
2003	Miscellaneous M >=46.50 and M <55.50	1.7355	1.3914	1.2933	1.1841	14	13	13	12
2004	Miscellaneous M <46.50 and A >=77.50	2.1138	1.6947	1.5752	1.4423	17	16	15	15
2005	Miscellaneous M <46.50 and A <77.50	2.2095	1.7714	1.6465	1.5075	18	17	16	15
2101	Burns M >=52.50	1.5477	1.3171	1.0109	0.9722	14	13	10	11
2102	Burns M <52.50	2.4762	2.1072	1.6173	1.5554	19	18	16	16
5001	Short-stay cases, length of stay is 3 days or fewer	0.0000	0.0000	0.0000	0.1756	0	0	0	3
5101	Expired, orthopedic, length of stay is 13 days or fewer	0.0000	0.0000	0.0000	0.8544	0	0	0	8
5102	Expired, orthopedic, length of stay is 14 days or more	0.0000	0.0000	0.0000	2.0471	0	0	0	20
5103	Expired, not orthopedic, length of stay is 15 days or fewer	0.0000	0.0000	0.0000	0.9085	0	0	0	8
5104	Expired, not orthopedic, length of stay is 16 days or more	0.0000	0.0000	0.0000	2.1866	0	0	0	20

Proposed FY 2026 IRF PPS Payment Rates (Page 32)

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
0101	$ 18,777.27	$ 16,627.87	$ 15,080.68	$ 14,300.31
0102	$ 23,900.99	$ 21,164.85	$ 19,195.53	$ 18,202.16
0103	$ 30,682.26	$ 27,171.56	$ 24,642.63	$ 23,366.54
0104	$ 39,183.05	$ 34,698.35	$ 31,470.37	$ 29,839.92
0105	$ 48,739.19	$ 43,158.48	$ 39,142.39	$ 37,116.92
0106	$ 54,986.01	$ 48,690.78	$ 44,159.60	$ 41,874.65
0201	$ 20,686.56	$ 16,441.97	$ 15,034.21	$ 14,116.36
0202	$ 26,854.00	$ 21,344.94	$ 19,518.91	$ 18,326.09

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
0203	$ 33,422.26	$ 26,563.54	$ 24,290.20	$ 22,806.92
0204	$ 41,171.74	$ 32,723.22	$ 29,923.19	$ 28,097.16
0205	$ 52,623.61	$ 41,824.30	$ 38,245.84	$ 35,910.54
0301	$ 23,170.96	$ 18,335.77	$ 17,079.05	$ 16,006.28
0302	$ 29,973.54	$ 23,718.96	$ 22,092.39	$ 20,705.93
0303	$ 35,420.63	$ 28,027.45	$ 26,106.54	$ 24,470.29
0304	$ 42,021.82	$ 33,251.86	$ 30,972.72	$ 29,030.51
0305	$ 45,985.63	$ 36,386.89	$ 33,892.81	$ 31,766.64
0401	$ 26,902.41	$ 21,528.90	$ 20,969.28	$ 18,922.50
0402	$ 33,637.20	$ 26,917.90	$ 26,218.86	$ 23,660.87
0403	$ 38,648.61	$ 30,928.18	$ 30,126.51	$ 27,185.12
0404	$ 63,207.97	$ 50,582.64	$ 49,269.76	$ 44,459.74
0405	$ 49,932.01	$ 39,957.61	$ 38,921.64	$ 35,122.42
0406	$ 65,314.77	$ 52,269.25	$ 50,911.83	$ 45,943.03
0407	$ 89,374.54	$ 71,522.87	$ 69,665.86	$ 62,867.16
0501	$ 25,198.37	$ 19,391.11	$ 18,060.80	$ 16,645.29
0502	$ 31,354.19	$ 24,127.54	$ 22,471.92	$ 20,711.73
0503	$ 35,532.94	$ 27,343.90	$ 25,467.53	$ 23,473.04
0504	$ 42,507.85	$ 32,711.61	$ 30,467.32	$ 28,079.74
0505	$ 60,181.38	$ 46,310.94	$ 43,135.25	$ 39,754.29
0601	$ 25,351.35	$ 19,193.60	$ 18,074.36	$ 16,240.59
0602	$ 31,547.83	$ 23,885.49	$ 22,495.16	$ 20,210.21
0603	$ 37,513.88	$ 28,403.12	$ 26,747.49	$ 24,032.66
0604	$ 47,441.80	$ 35,918.28	$ 33,826.97	$ 30,391.80
0701	$ 23,835.15	$ 18,972.85	$ 18,031.76	$ 16,469.08
0702	$ 29,487.50	$ 23,473.04	$ 22,307.33	$ 20,372.86
0703	$ 36,139.03	$ 28,767.16	$ 27,340.03	$ 24,967.94
0704	$ 44,604.97	$ 35,505.83	$ 33,743.71	$ 30,817.81
0801	$ 22,876.63	$ 19,236.20	$ 17,144.89	$ 16,068.25
0802	$ 26,143.34	$ 21,982.01	$ 19,592.50	$ 18,362.88
0803	$ 28,701.32	$ 24,131.42	$ 21,507.59	$ 20,157.92
0804	$ 32,608.98	$ 27,417.49	$ 24,437.37	$ 22,903.74
0805	$ 40,598.56	$ 34,136.80	$ 30,424.72	$ 28,515.43
0901	$ 23,993.93	$ 18,149.88	$ 17,119.71	$ 15,622.88
0902	$ 30,552.52	$ 23,110.93	$ 21,798.05	$ 19,892.64
0903	$ 36,233.92	$ 27,407.81	$ 25,850.94	$ 23,591.16
0904	$ 43,656.14	$ 33,021.43	$ 31,146.99	$ 28,424.42
1001	$ 23,784.80	$ 19,656.40	$ 17,886.53	$ 16,594.95
1002	$ 29,011.14	$ 23,974.57	$ 21,815.48	$ 20,241.19
1003	$ 34,520.20	$ 28,528.98	$ 25,959.38	$ 24,084.94
1004	$ 45,886.87	$ 37,922.46	$ 34,508.58	$ 32,016.44
1101	$ 25,740.57	$ 24,421.88	$ 20,971.21	$ 18,151.81
1102	$ 30,031.63	$ 28,492.19	$ 24,466.41	$ 21,178.41
1103	$ 37,366.71	$ 35,451.61	$ 30,442.14	$ 26,350.53
1201	$ 25,934.21	$ 20,223.76	$ 18,163.43	$ 16,906.71
1202	$ 30,459.57	$ 23,753.82	$ 21,335.26	$ 19,857.78
1203	$ 40,861.91	$ 31,867.33	$ 28,619.99	$ 26,640.99
1204	$ 41,923.06	$ 32,694.18	$ 29,363.57	$ 27,332.29

CMG	Payment Rate Tier 1	Payment Rate Tier 2	Payment Rate Tier 3	Payment Rate No Comorbidity
1301	$ 24,164.34	$ 19,435.65	$ 17,797.45	$ 16,213.48
1302	$ 29,470.07	$ 23,703.47	$ 21,707.04	$ 19,774.52
1303	$ 33,995.44	$ 27,343.90	$ 25,039.59	$ 22,810.79
1304	$ 43,867.21	$ 35,285.08	$ 32,310.77	$ 29,435.22
1305	$ 43,801.37	$ 35,230.86	$ 32,262.36	$ 29,390.68
1401	$ 21,627.65	$ 17,414.05	$ 16,079.87	$ 14,788.29
1402	$ 27,603.38	$ 22,226.00	$ 20,523.90	$ 18,874.09
1403	$ 33,399.03	$ 26,892.72	$ 24,832.39	$ 22,835.97
1404	$ 41,650.03	$ 33,536.51	$ 30,966.91	$ 28,476.70
1501	$ 25,223.55	$ 20,297.34	$ 19,029.00	$ 18,254.44
1502	$ 30,862.34	$ 24,836.27	$ 23,283.27	$ 22,334.44
1503	$ 36,113.86	$ 29,061.49	$ 27,245.15	$ 26,135.59
1504	$ 45,226.56	$ 36,394.64	$ 34,119.37	$ 32,730.97
1601	$ 20,649.77	$ 18,246.70	$ 16,616.25	$ 15,142.65
1602	$ 24,816.90	$ 21,929.73	$ 19,970.09	$ 18,198.29
1603	$ 30,109.08	$ 26,604.20	$ 24,226.30	$ 22,076.90
1604	$ 39,303.11	$ 34,729.33	$ 31,625.28	$ 28,819.44
1701	$ 25,473.34	$ 20,223.76	$ 18,802.44	$ 17,297.86
1702	$ 31,313.52	$ 24,861.44	$ 23,114.81	$ 21,265.54
1703	$ 36,826.46	$ 29,237.70	$ 27,185.12	$ 25,008.61
1704	$ 42,434.27	$ 33,689.49	$ 31,325.14	$ 28,817.50
1705	$ 49,285.25	$ 39,128.83	$ 36,381.08	$ 33,468.74
1801	$ 21,606.35	$ 17,766.47	$ 16,252.21	$ 15,268.51
1802	$ 27,547.23	$ 22,650.07	$ 20,721.42	$ 19,466.63
1803	$ 34,326.56	$ 28,224.97	$ 25,818.02	$ 24,255.35
1804	$ 40,124.14	$ 32,990.45	$ 30,178.79	$ 28,352.77
1805	$ 48,022.72	$ 39,485.13	$ 36,121.61	$ 33,933.47
1806	$ 68,548.56	$ 56,362.79	$ 51,560.52	$ 48,437.11
1901	$ 26,108.48	$ 18,312.53	$ 16,025.65	$ 15,917.21
1902	$ 37,916.65	$ 26,594.52	$ 23,271.66	$ 23,114.81
1903	$ 53,810.62	$ 37,742.37	$ 33,029.17	$ 32,806.49
1904	$ 82,616.51	$ 57,946.77	$ 50,708.51	$ 50,365.76
2001	$ 23,048.97	$ 18,479.07	$ 17,175.87	$ 15,725.50
2002	$ 28,587.07	$ 22,919.23	$ 21,302.34	$ 19,505.36
2003	$ 33,606.22	$ 26,943.07	$ 25,043.46	$ 22,928.91
2004	$ 40,931.62	$ 32,816.17	$ 30,502.17	$ 27,928.70
2005	$ 42,784.76	$ 34,301.39	$ 31,882.83	$ 29,191.23
2101	$ 29,969.66	$ 25,504.32	$ 19,575.07	$ 18,825.68
2102	$ 47,949.14	$ 40,803.82	$ 31,317.40	$ 30,118.77
5001	$ -	$ -	$ -	$ 3,400.32
5101	$ -	$ -	$ -	$ 16,544.60
5102	$ -	$ -	$ -	$ 39,640.04
5103	$ -	$ -	$ -	$ 17,592.19
5104	$ -	$ -	$ -	$ 42,341.32

Update to Payments for High-Cost Outliers under the IRF PPS for FY 2025 (Page 36)

Based on an analysis of the preliminary data used for the proposed rule, CMS estimated that IRF outlier payments as a percentage of total estimated payments would be approximately 2.8 percent in FY 2025.

Therefore, CMS proposes to update the outlier threshold amount from $12,043 for FY 2025 to **$11,971** for FY 2026 to maintain estimated outlier payments at approximately 3 percent of total estimated aggregate IRF payments for FY 2026.

INPATIENT REHABILITATION FACILITY (IRF) QUALITY REPORTING PROGRAM (QRP) (Page 40)

The IRF QRP currently has 17 adopted measures, which are listed in the rule's Table 8.(Page 42)

(1) CMS proposes to 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 42)

(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 proposing to remove these four standardized patient assessment data elements under the SDOH category as it acknowledges the burden associated with these items at this time.

(3) Proposals to Amend the Reconsideration Request Policy and Process -- CMS proposes to amend the 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 46)

FY 2026 IRF QRP Requests for Information (RFIs) (Page 52)

CMS is seeking 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).

Final Comment

One must question why CMS needs to provide voluminous prior histories in all its PPS yearly updates. For example, in this proposal CMS starts on page 6 and continues through page 13 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.