

## FFY 2021 INPATIENT PSYCHIATRIC FACILITIES PROSPECTIVE PAYMENT SYSTEM FINAL RULE (CMS-1731-F, CMS-1744-F)

On August 4, the Centers for Medicare & Medicaid Services (CMS) published its federal fiscal year (FFY) 2021 [final rule](#) updating the Inpatient Psychiatric Facility (IPF) Prospective Payment System (PPS) effective Oct. 1, 2020 through Sept. 30, 2021. CMS also issued a final rule on special requirements for psychiatric hospitals for FFY 2021. IHA estimates an increase in Medicare payments for U.S. IPFs of approximately 2.09% compared with FFY 2020.

Page numbers throughout this summary refer to the *Federal Register*.

**Market Basket Update** (*pp. 47045-47048*): The overall rate change includes a full psychiatric-specific market basket update of 2.2% (proposed at 3%), a productivity reduction of 0.0 percentage points, and a wage index budget neutrality adjustment of 0.9989.

**FFY 2021 Proposed Base Per Diem and Electroconvulsive Therapy (ECT) Rates** (*pp. 47045-47048*): Facilities that fail to submit quality reporting data will be subject to a 2% reduction in their per diem rate. The final FFY 2021 rates are in the table below.

Per Diem Rates			ECT – Per Treatment Rates		
FFY 2021	FFY 2021, No Quality Data	FFY 2020	FFY 2021	FFY 2021, No Quality Data	FFY 2020
\$815.22	\$799.27	\$798.55	\$350.97	\$344.10	\$343.79

**IPF Payment Rate Adjustments** (*pp. 47048-47050, 47059-47061*): CMS finalized continued use of FFY 2020 facility and patient-level adjustments, listed [here](#) in Addendum A.

**Outlier Payments** (*pp. 47061-47062*): CMS finalized an outlier threshold at \$14,630 (proposed at \$16,520 in FFY 2021), down from \$14,960 in FFY 2020.

**FFY 2021 IPF Cost-to-Charge Ratio (CCR) Ceiling and Median** (*pp. 47062-47063*):

Rural Ceiling	Rural Median	Urban Ceiling	Urban Median
2.0082	0.5720	1.7131	0.4200

**Wage Index** (*pp. 47046-47047, 47050-47061*): CMS finalized the adoption of CBSA delineations published in the September 2018 Office of Management and Budget (OMB) [Bulletin No. 18-04](#). This reassigns or alters some counties, which may affect the wage index for some providers. In an effort to alleviate significant losses in revenue, CMS finalized a one-year transition period, adopting these new CBSA assignments effective Oct. 1, 2020 along with a 5% cap on the reduction of a provider's wage index for FFY 2021 compared to its wage index for FFY 2020. For more information, see IHA's [summary](#) of the FFY 2021 inpatient prospective payment system (IPPS) proposed rule.

Final FFY 2021 wage index values by CBSA, found on CMS' [website](#), are below:

CBSA	Final FFY 2020	Final FFY 2021*
Bloomington	0.9235	0.9114
Cape Girardeau	0.8015	0.8019
Carbondale	0.8221	0.8184
Champaign-Urbana	0.8703	0.8655
Chicago-Naperville-Evanston	1.0405	1.0442
Danville	0.8993	0.9032
Decatur	0.8387	0.8326
Elgin	1.0502	1.0559
Kankakee	0.9038	0.9068
Lake County	1.0177	1.0192
Peoria	0.8604	0.8644
Rock Island	0.9059	0.8520
Rockford	0.9749	0.9693
St. Louis	0.9389	0.9317
Springfield	0.9461	0.9256
Rural	0.8242	0.8297

\*The actual wage index for an individual provider may be higher for FY 2021, as determined by the 5% limit on decreases for any provider from the FY 2020 wage index value.

The labor-related share of the IPF per diem and ECT base rates increased to 77.3% for FFY 2021 (up from 76.9% in FFY 2020).

**IPF Quality Reporting Program (QRP) (p. 47043):** CMS did not make any changes to the IPF QRP for FFY 2021. CMS will continue apply a two percentage point reduction to market basket updates for IPFs that fail to submit quality data.

**Special Requirements for Psychiatric Hospitals (p. 47063):** CMS confirmed, as final, revisions to conditions of participation [published](#) in the April 6, 2020 interim final rule: “Medicare and Medicaid Programs; Policy and Regulatory Revisions in Response to the COVID-19 Public Health Emergency.” Specifically, this interim final rule changed the conditions of participation by reflecting the CMS belief that certain providers should have the authority to practice more broadly and to the highest level of their education, training, and qualifications. When acting in accordance with state law, their scope of practice, and hospital policy, these providers include physician assistants, nurse practitioners, psychologists, and clinical nurse specialists. Non-physician practitioners, in addition to medical doctor and doctors of osteopathy, may also document progress notes of patients receiving services in psychiatric hospitals.

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Sources:

Centers for Medicare & Medicaid Services. FY 2021 Inpatient Psychiatric Facilities Prospective Payment System (IPF PPS) and Special Requirements for Psychiatric Hospitals for Fiscal Year Beginning October 1, 2020 (FY 2021). Available from: <https://www.federalregister.gov/documents/2020/08/04/2020-16990/medicare-program-fy-2021-inpatient-psychiatric-facilities-prospective-payment-system-ipf-pps-and>. Accessed August 10, 2020.

Centers for Medicare & Medicaid Services. FY 2021 Addendum A IPF PPS Final Rule Payment Updates. Available from: <https://www.cms.gov/files/document/fy-2021-addendum-ipf-pps-final-rule-payment-update.pdf>. Accessed August 10, 2020.

Office of Management and Budget. Revised Delineations of Metropolitan Statistical Areas, Micropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of the Delineations of These Areas. OMB Bulletin No. 18-04. September 14, 2018. Available from: <https://www.whitehouse.gov/wp-content/uploads/2018/09/Bulletin-18-04.pdf>. Accessed May 1, 2020.