



Inpatient Psychiatric Facilities Prospective Payment System: FY 2024 Updates

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Related CR Title: Inpatient Psychiatric Facilities Prospective Payment System (IPF PPS) Updates for Fiscal Year (FY) 2024

Affected Providers

- IPFs
- Other providers billing Medicare Administrative Contractors (MACs) for inpatient psychiatric services provided to Medicare patients

Action Needed

Make sure your billing staff knows about:

- FY 2024 market basket update
- FY 2024 wage index update
- IPF Quality Reporting Program (IPFQR)

Background

CMS makes annual updates to the IPF PPS. This Article discusses the changes for FY 2024. We base the changes on the [IPF Final Rule](#). These changes apply to discharges occurring from October 1, 2023 - September 30, 2024.

The changes are:

1. Market Basket Update

In the FY 2024 IPF PPS final rule, we rebased and revised the market basket applicable to IPFs and adopted a 2021-based IPF-specific market basket. For FY 2024, we're using the 2021-based IPF market basket to update the IPF PPS payments (the federal per diem base rate and Electroconvulsive Therapy (ECT) payment per treatment). The 2021-based IPF market basket update for FY 2024 is 3.5%.

Section 1886(s)(2)(A)(i) of the [Social Security Act](#) (the Act) requires a reduction to this 3.5%.

Per the productivity adjustment in Section 1886(b)(3)(B)(xi)(II) of the Act to the IPF PPS for the Rate Year (RY) starting in 2012 (an RY that coincides with an FY) and each subsequent RY. For FY 2024, the reduction is 0.2%. We show this in the FY 2024 IPF PPS Final Rule.

Therefore, we updated the IPF PPS base rate for FY 2024 by applying the adjusted market basket update of 3.3% (which includes the 2021-based IPF market basket update of 3.5% and a productivity adjustment reduction of 0.2%) and the wage index budget neutrality factor of 1.0016 to the FY 2023 federal per diem base rate of \$865.63, giving an FY 2024 federal per diem base rate of \$895.63.

Similarly, applying the adjusted market basket update of 3.3% and the wage index budget neutrality factor of 1.0016 to the FY 2023 ECT payment per treatment of \$372.67 gives an ECT payment per treatment of \$385.58 for FY 2024.

2. FY 2024 Wage Index Update

We continued our policy from FY 2023 of updating the IPF PPS wage index for FY 2024 with the concurrent wage data from the [FY 2024 final PPS wage index](#).

3. Inpatient Psychiatric Facilities Quality Reporting Program (IPFQR)

Section 1886(s)(4)(A)(i) of the Act requires that, for FY 2014 and each subsequent FY, the Secretary will reduce any annual update to a standard federal rate for discharges occurring during the FY by 2.0% for any IPF that doesn't comply with the quality data submission requirements for an applicable year. Thus, a 2.0% reduction applies when calculating the federal per-diem base rate and the ECT payment per treatment as follows:

- We reduce the adjusted market basket update of 3.3% by 2% for an update of 1.3% for IPFs that failed to meet quality reporting requirements
- For IPFs that failed to submit quality reporting data under the IPFQR program for FY 2024, we apply the 1.3% update and the wage index budget neutrality factor of 1.0016 to the FY 2023 federal per diem base rate of \$865.63, giving a federal per diem base rate of \$878.29
- Similarly, for IPFs that failed to submit quality reporting data under the IPFQR program for FY 2024, we apply the 1.3% update and the wage index budget neutrality factor of 1.0016 to the FY 2023 ECT payment per treatment of \$372.67, giving a per treatment ECT payment of \$378.12 for FY 2024

4. PRICER Updates: IPF PPS FY 2024

- The federal per diem base rate is \$895.63 for IPFs that complied with quality data submission requirement
- The federal per diem base rate is \$878.29, when applying the 2% reduction, for IPFs that failed to comply with quality data submission requirements
- The fixed dollar loss threshold amount is \$33,470
- The IPF PPS wage index is based on the FY 2024 pre-floor, pre-reclassified acute care hospital wage index

- The labor-related share is 78.7%
- The non-labor related share is 21.3%
- The ECT payment per treatment is \$385.58 for IPFs that complied with quality data submission requirements
- The ECT payment per treatment is \$378.12 when applying the 2% reduction, for IPFs that failed to comply with quality data submission requirements

5. Provider Specific File (PSF) Updates

Effective for FY 2023, we adopted and applied a permanent 5% cap to all IPF providers on any decrease to a provider's final wage index from that provider's final wage index of the prior FY. Under the 5% cap policy, a new IPF that opens during FY 2024 would be paid the wage index for its geographic area for its first full or partial FY with no cap applied, because a new IPF wouldn't have a wage index in the prior FY.

6. The National Urban and Rural Cost-to-Charge Ratios for the IPF PPS FY 2024

National Cost-to-Charge Ratios (CCRs) are in the addendum to [CR 13335](#).

7. ICD-10-CM/PCS Updates

For FY 2024, the IPF PPS adjustment factors are unchanged from those we used in FY 2023. We did update the ICD-10-CM/PCS code set, effective October 1, 2023. These updates affect the ICD-10-CM/PCS codes that underlie the IPF PPS Medicare Severity Diagnosis-Related Groups (MS-DRGs) and the IPF PPS comorbidity categories.

The updated [FY 2024 MS-DRG code lists](#) and the updated [FY 2024 IPF PPS comorbidity categories](#) are available.

There are no changes for FY 2024 to the IPF ECT procedure code list.

8. Cost-of-Living Adjustment (COLA) Adjustment

The FY 2024 IPF PPS COLA factors are the same as those in FY 2023. The COLA adjustments are in the addendum to [CR 13335](#).

9. Rural Adjustment

For FY 2024, IPFs designated as rural continue to get a 17% rural adjustment.

More Information

We issued CR 13335 to your MAC as the official instruction for this change.

For more information, [find your MAC's website](#).

Document History

Date of Change	Description
August 28, 2023	Initial article released.

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