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CMS Releases Proposed 2023 IPPS Rule

On April 18, the Centers for Medicaid & Medicare Services (CMS) introduced its [proposed FY 2023 Inpatient Prospective Payment System \(IPPS\) Rule](#) with a number of proposed policies that appear to be more substantive than recent payment rule updates. WHA will analyze the full nearly-1,800-page rule in the coming weeks and prepare comments in advance of the June 17 comment deadline.



On the strictly payment side of things, CMS proposes a number of new updates in this rule, including:

- A net payment increase of 3.2% for most hospitals; however, with the impending end of the Medicare Dependent and Low Volume Adjustment designations, along with other interactions such as lower disproportionate share hospital and medical technology payments, the net impact on hospital payments is projected to be a 0.3% decrease, according to the American Hospital Association.
- A 5% cap on any year-to-year decrease in a hospital's wage index. This is being done in a budget-neutral matter with a CMS-stated goal of smoothing out fluctuations in the measure.
- A change in the calculation of Medicare Severity Diagnosis Related Groups (MS-DRGs) and outlier amounts to account for data aberrations related to the COVID-19 public health emergency.

The rule also places significant emphasis on documentation of social drivers of health, their impact on health equity and improving maternal health outcomes. This is driven in part by [President Joe Biden's agencywide executive order to advance racial equity and support underserved communities](#). In the rule CMS:

- Seeks comment on 96 diagnosis codes that describe social drivers of health, and how a secondary diagnosis might measure hospital resource use;
- Proposes having hospitals attest to five measures that show they are making health equity a strategic priority, collecting and analyzing equity data, and using it for quality improvement and leadership engagement;
- Proposes quality measures that look at screening patients' health-related social needs, such as homelessness, food insecurity, and transportation needs; and
- Requests information from hospitals on how they are preparing for the threat of climate change and its impact on hospital patients, particularly, from a health equity perspective.

CMS proposes numerous changes to quality payment programs in this rule, in addition to the equity pieces mentioned above. These include:

- Adding 10 new hospital inpatient quality reporting program (IQR) measures including two eCQMs (electronic clinical quality measure): cesarean birth and severe obstetric complications thus increasing the number of reported electronic clinical quality measures (eCQM) from four to six measures beginning in 2024;
- Creating a maternal quality care "birthing friendly" hospital designation;
- Suppressing most measures in its Hospital Value-based Purchasing Program and all measures in its Hospital-Acquired Condition Reduction Program, meaning hospitals would not see FY 2023 payment adjustments under either program; and
- Increasing the eCQMs from four to six measures beginning in 2024.

CMS is also proposing to extend hospital COVID-19 data reporting (and seasonal influenza data) that first became a condition of participation during the summer of 2020 through April 30, 2024 (even after the public health emergency ends) unless the U.S. Secretary of Health and Human Services establishes an earlier end date. Going forward, hospitals would be expected to report specific data elements at the start of any future public health emergency.

Contact WHA Vice President of Federal and State Relations [Jon Hoelster](#) with questions or comments.

