

CMS Releases Final 2024 Inpatient Rule with Meager Payment Bump and Much Lower DSH Payments

On Aug. 2, the Centers for Medicare and Medicaid Services (CMS) issued its final FY 2024 Inpatient Prospective Payment System (IPPS) rule with a payment adjustment of 3.1%, slightly higher than its proposed 2.8% increase.

WHA had [expressed concerns](#) with CMS's proposed payment adjustment being well below the rate of hospitals' actual cost increases, especially when considering that the previous 2023 payment rule only contained a payment increase of 2.7% despite true inflation of 5.7% reflected in the market basket. WHA sent out a [HEAT Alert](#) urging hospital leaders to ask their members of Congress to sign onto Congressional letters in support of CMS using its special exceptions and adjustments authority to implement a retrospective adjustment in the FY2024 rule to account for the true level of cost increases hospitals are facing.

Unfortunately, the slightly higher payment adjustment was more than offset by a much larger decrease in Medicare Disproportionate Share Hospital (DSH) payments than CMS originally estimated. CMS notified hospitals in its final rule that DSH payments would decrease by nearly \$1 billion in 2024, a much larger decrease than its initial estimate of a \$115 million in its proposed rule. The updated estimate reflects a projected uninsured rate declining from 9.2% in 2023 to 8.4% in 2024. WHA argued it was unrealistic to assume this decrease in the uninsured rate given the fact that most states will be transitioning a large share of people off Medicaid throughout 2023 and into 2024 as part of the unwinding of a policy that prevented Medicaid disenrollments throughout the public health emergency.

CMS also finalized nearly all of its proposed updates to quality reporting and value programs, including updates related to health equity, sepsis measurement, COVID-19 vaccination reporting of health care personnel, and proposed updates to promoting interoperability.

Read the [full rule here](#). WHA is continuing to analyze the full rule and will notify members of any opportunities to learn more about its impact.

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