

FY 2025 Proposed Medicare Payment Rules

The Centers for Medicare and Medicaid Services (CMS) recently put forth several final payment rules for fiscal year (FY) 2025. These final rules include the Skilled Nursing Facility Prospective Payment System, Inpatient Psychiatric Facility Prospective Payment System, Inpatient Rehabilitation Facility Prospective Payment System, and Hospice Wage Index and Payment Rate Update. Please see below for more detail on each proposed rule. If you have any questions, please contact NRHA's Government Affairs and Policy Director Alexa McKinley Abel (amckinley@ruralhealth.us).

FY 2025 Skilled Nursing Facility Prospective Payment System (SNF PPS)

- [Final rule](#)
- [CMS fact sheet](#)
- Key provisions include:
 - A 4.2%, or \$1.4 billion, payment increase over FY 2024. This is based on a 3.0% SNF market basket increase plus a 1.7% forecast error adjustment less a -0.5% productivity adjustment.
 - Revising the SNF market basket to reflect a 2022 base year.
 - Changes to CMS' enforcement authority for health and safety violations. Before this final rule, CMS could not impose per day and per instance penalties for deficiencies identified during the same survey and per instance penalties could not be imposed concurrently for the same deficiency. CMS will now be able to impose both per instance and per day civil monetary penalties (CMPs) for deficiencies identified during the same survey.
 - Adding four new social determinants of health (SDOH) items and modifying one SDOH item in the SNF Quality Reporting Program. These include one item on living situation, two items on food security, and one item on utilities. CMS is modifying the transportation SDOH item.
 - Finalizing use of the most recent Office of Management and Budget (OMB) statistical area delineations, which revises core-based statistical areas based on the 2020 Census, to update the SNF PPS wage index.

FY 2025 Inpatient Psychiatric Facilities (IPF) PPS

- [Final rule](#)
- [CMS fact sheet](#)
- Key provisions include:
 - A 2.8% payment increase over FY 2024. This is based on a 3.3% IPF market basket increase less a -0.5% productivity adjustment. Payments are estimated to increase by \$65 million.
 - A new methodology to determine payment rates for FY 2025 and subsequent years, as required by the Consolidated Appropriations Act of 2023.
 - Historically, the IPF PPS used the patient and facility-level adjustment factors derived from the regression model implemented in 2005. CMS finalized updates to the regression model used to determine IPF PPS payment

adjustments to reflect costs and claims data for calendar years 2019, 2020, and 2021.

- Finalizing use of the most recent OMB statistical area delineations, which revises core-based statistical areas based on the 2020 Census.
 - CMS will phase out the rural adjustment for IRFs that transition from rural to urban status under the new core-based statistical areas. For providers that transition from rural to urban will receive 2/3 of the rural adjustment in FY 2025, 1/3 of the adjustment in FY 2026, and no adjustment in FY 2027.
- Clarifying eligibility to elect to file an all-inclusive cost report. Government-owned or tribally-owned hospitals would be the only eligible entities beginning October 1, 2024.
- Adding one new measure to the IPF Quality Reporting Program: 30-Day Risk-Standardized All-Cause Emergency Department Visit Following an Inpatient Psychiatric Facility Discharge (also known as IPF ED Visit measure).
- CMS is not finalizing its proposal to require IPFs to submit patient-level quality data for certain measures on a quarterly basis.

FY 2025 Inpatient Rehabilitation Facilities (IRF) PPS

- [Final rule](#)
- [CMS fact sheet](#)
- Key provisions include:
 - A 3.0% payment increase over FY 2024. This is based on a market basket percentage of 3.5% minus a -0.5% productivity adjustment.
 - Finalizing use of the most recent OMB statistical area delineations. Any wage index decreases as a result will be mitigated by the permanent 5% cap on negative wage index changes.
 - CMS will phase out the rural adjustment for IRFs that transition from rural to urban status under the new core-based statistical areas. CMS estimates that 8 IRFs will transition from rural to urban. The adjustment will allow these IRFs to receive 2/3 of the rural adjustment in FY 2025, 1/3 of the rural adjustment in FY 2026, and no adjustment in FY 2027.
 - Adopting four new standardized patient assessment data elements related to living situation, food, and utilities beginning October 1, 2026.

FY 2025 Hospice Wage Index and Payment Update

- [Final rule](#)
- [CMS fact sheet](#)
- Key provisions include:
 - A 2.9% payment increase, or a \$790 million increase, over FY 2024. This is based on a 3.4% market basket percentage reduced by a -0.4% productivity adjustment.
 - The payment update includes a cap that limits the overall payments per patient that may be made to a hospice annually. The proposed cap in FY 2025 is \$34,465.34.



National Rural Health Association

- Finalizing use of the most recent OMB statistical area delineations, which revises core-based statistical areas based on the 2020 Census. Any wage index decreases as a result will be mitigated by the permanent 5% cap on negative wage index changes.
- Adding two new measures to the Hospice Quality Reporting Program: Timely Follow-up for Pain Impact and Timely Follow-up for Non-Pain Symptom Impact.
- Adopting a new measure collection instrument, the Hospice Outcomes and Patient Evaluation (HOPE), will begin in FY 2025 and collect data at multiple points across the hospice stay. HOPE is replacing the Hospice Item Set and includes several domains that are new or expanded, including: Sociodemographic, diagnoses, symptom impact assessment, skin conditions, and imminent death.
- Changes to the Hospice CAHPS Survey:
 - Adding a web-mail mode.
 - A shortened and simplified survey.
 - Modifications to survey administration protocols to include a pre-notification letter and extension of the field period from 42 to 49 days.
 - Adding a new, two-item Care Preferences measure.
 - Revisions to the existing Hospice Team Communication measure and the existing Getting Hospice Care Training measure.