

Inpatient Prospective Payment System (IPPS) Federal Fiscal Year (FFY) 2022 Final Rule Analysis

Estimated Change in Medicare Payments

FFY 2021 Final Rule Correction Notice Compared to FFY 2022 Final Rule

Oregon

	Operating		Capital		Total	
	Dollar Impact	% Change	Dollar Impact	% Change	Dollar Impact	% Change
Estimated FFY 2021 IPPS Payments	\$1,138,834,700		\$80,654,200		\$1,219,489,800	
Provider Type Changes	\$0	0.0%	(\$808,600)	-1.0%	(\$808,600)	-0.1%
Marketbasket Update (Includes Budget Neutrality)	\$29,949,000	2.6%	\$918,300	1.1%	\$30,867,600	2.5%
ACA-Mandated Marketbasket Reductions	(\$7,574,800)	-0.7%	Not Applicable		(\$7,574,800)	-0.6%
Forecast Error Adjustment	Not Applicable		(\$240,500)	-0.3%	(\$240,500)	0.0%
MACRA-Mandated Coding Adjustment	\$4,464,100	0.4%	Not Applicable		\$4,464,100	0.4%
Wage Index/GAF (Wage Data and Reclassification)	(\$6,783,500)	-0.6%	(\$363,900)	-0.5%	(\$7,147,700)	-0.6%
> Change in Labor Share	(\$960,900)	-0.1%	Not Applicable		(\$960,900)	-0.1%
Wage Index/GAF (Other Changes)	\$162,900	0.0%	\$354,200	0.4%	\$517,100	0.0%
> Expiration of Previous 5% Stop Loss Transition Budget Neutrality	\$1,240,000	0.1%	\$294,400	0.4%	\$1,534,400	0.1%
> Expiration of Previous 5% Stop Loss Transition Wage Index	(\$965,300)	-0.1%	(\$67,300)	-0.1%	(\$1,032,600)	-0.1%
> Current 5% Stop Loss Transition Wage Index	\$0	0.0%	\$0	0.0%	\$0	0.0%
> Current 5% Stop Loss Transition Budget Neutrality	(\$143,200)	0.0%	(\$10,500)	0.0%	(\$153,300)	0.0%
> Application of Imputed Floor	\$0	0.0%	\$0	0.0%	\$0	0.0%
> Removal of Previous Bottom Quartile Budget Neutrality	\$2,195,000	0.2%	\$295,800	0.4%	\$2,490,600	0.2%
> Removal of Previous Bottom Quartile Wage Index	\$0	0.0%	\$0	0.0%	\$0	0.0%
> Current Bottom Quartile Increase	\$0	0.0%	\$0	0.0%	\$0	0.0%
> Current Bottom Quartile Budget Neutrality	(\$2,164,400)	-0.2%	(\$158,500)	-0.2%	(\$2,322,800)	-0.2%
Change in COLA	\$0	0.0%	\$0	0.0%	\$0	0.0%
Transitional DSH Year-Over-Year	\$0	0.0%	\$0	0.0%	\$0	0.0%
DSH: UCC Payment Changes [1]	(\$4,484,300)	-0.4%	Not Applicable		(\$4,484,300)	-0.4%
> DSH UCC Distribution Factor Change	\$2,473,700	0.2%	Not Applicable		\$2,473,700	0.2%
Change in Hospital Specific Rate	\$0	0.0%	\$0	0.0%	\$0	0.0%
MS-DRG Updates	(\$802,100)	-0.1%	(\$63,300)	-0.1%	(\$865,300)	-0.1%
Quality Based Payment Adjustments [2]	(\$7,189,300)	-0.6%	(\$3,700)	0.0%	(\$7,193,100)	-0.6%
Net Change due to Low Volume Adjustment	\$68,300	0.0%	\$5,100	0.0%	\$73,300	0.0%
Estimated FFY 2022 IPPS Payments	\$1,146,644,800		\$80,451,600		\$1,227,096,100	
Total Estimated Change FFY 2021 to FFY 2022 †	\$7,810,100	0.7% ▲	(\$202,600)	-0.3% ▼	\$7,606,400	0.6% ▲

† The values shown in the table above do not include the 2.0% sequestration reduction to all lines of Medicare payment authorized by Congress through FFY 2021. As part of the Medicare Sequester Relief Act, Congress eliminated the 2% sequester on Medicare payments from October 1, 2021 through December 31, 2021. It is estimated that reduction due to sequestration for FFY 2022 IPPS-specific payments will be: \$18,406,400.

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Oregon

¹ Detail on DSH UCC Payment Changes

The table to the right provides detail on DSH payment changes specific to the UCC component of the DSH program. National DSH program information is from the FFY 2021 IPPS final rule correction notice and FFY 2022 IPPS final rule. Hospital-specific UCC payment factors are from the FFY 2021 and FFY 2022 DSH Supplemental files published with those same rules.

	FFY 2021	FFY 2022	Change
Total Funding for UCC Payments	\$ 11.378 Billion	\$ 10.489 Billion	-\$ 0.889 Billion
ACA-Mandated Reduction	-27.14%	-31.43%	-4.29%
Redistribution Pool	\$ 8.290 Billion	\$ 7.192 Billion	-\$ 1.098 Billion
Hospital Specific Payment Factor	Hospital-Specific		
Hospital UCC Payment Amount	\$52,532,400	\$48,048,100	(\$4,484,300)

² Detail on Quality-Based Payment Adjustments

The table to the right provides individual impact estimates for performance under the Value Based Purchasing (VBP), Readmissions Reduction (RRP), and Hospital-Acquired Condition (HAC) Reduction Programs for each of FFY 2021 and FFY 2022. The FFY 2022 Readmissions adjustment factors are from the FFY 2022 IPPS final rule impact file, and are proxies based on the FFY 2021 adjustment factors. The list of hospitals that could potentially be subject to the FFY 2022 HAC Reduction Program penalty is derived from hospital quality data available with the 4th quarter 2020 update of Care Compare (CMS did not provide this list with the rule). The FFY 2022 VBP adjustments are finalized to be suppressed due to the COVID-19 PHE. The FFY 2021 VBP and Readmissions adjustment factors are from the FFY 2021 IPPS final rule correction notice, and FFY 2021 HAC flags are from the 4th quarter 2020 update of Care Compare.

	FFY 2021	FFY 2022	Impact
Base Operating Dollars Subject to VBP and RRP	\$946,080,500	\$965,221,100	
Value Based Purchasing Program Impact	\$7,070,700	\$0	(\$7,070,700)
Readmissions Reduction Program Impact	(\$1,937,300)	(\$1,990,400)	(\$53,100)
HAC Program Impact (on IPPS Total Revenue)	(\$2,375,500)	(\$2,444,800)	(\$69,300)
Net Impact of Quality Programs	\$2,757,900	(\$4,435,200)	(\$7,193,100)

Notes:

This analysis is intended to show providers how Medicare inpatient fee-for-service (FFS) payments will change from FFY 2021 to FFY 2022 based on the policies set forth in the FFY 2022 IPPS final rule.

- This analysis does not include estimates for outlier payments, payments for services provided to Medicare Advantage patients, electronic health record incentive payments, nor modifications in FFS payments as a result of hospital participation in new payment models being tested under Medicare demonstration/pilot programs.
- Estimated IPPS payments for FFYs 2021 and 2022 are calculated using individual hospital characteristics provided by CMS in the FFY 2022 IPPS final rule Impact and DSH Supplemental files. Wage indexes, GAFs, and federal operating/capital rates are from the FFY 2021 final rule correction notice and FFY 2022 final rule Federal Registers.
- This analysis was developed to measure the impact of IPPS policy changes only. Hospital volume, patient mix, traditional DSH, and IME factors are held constant at the values published in the FFY 2022 final rule impact file.
- Dollar impacts in this analysis may differ from those provided by other organizations/associations due to differences in source data and analytic methods. Individual percentages and dollars shown in this analysis may not add to total due to compounding and rounding. Dollar amounts less than \$50 and percentages less than 0.05% will appear as zeros due to rounding. Impact percentages are derived by comparing values of individual impacts to base year revenue. Due to the influence of the DSH uncompensated care pool, which is not tied to the inpatient rate, percentage impacts may not tie to the values listed below for component updates (i.e. marketbasket, ACA, etc.).
- FFY 2022 IPPS Final Rule and Congressionally-Mandated Payment Changes Modeled in this Analysis:**
 - Provider Type Change: Changes to inpatient payments resulting from a change in provider type. This includes adjustments to both hospital specific rate (if received) and changes to the traditional, rate-based DSH payment calculation for hospitals that change special status.
 - Marketbasket Update (Includes Budget Neutrality): 2.7% operating marketbasket increase and 1.1% capital marketbasket increase. Budget neutrality factors increase the operating update by 0.07% and the capital update by 0.09%.
 - ACA Mandated Marketbasket Adjustment: -0.70 percentage point (PPT) productivity adjustment to the marketbasket authorized by the Affordable Care Act (ACA) of 2010.
 - Forecast Error Adjustment: -0.3% adjustment to the inpatient capital rate in order to address unanticipated price fluctuations that may result in differences between actual price increases and those forecasted to calculate the capital update factor.
 - MACRA-Mandated Coding Adjustment: 0.5% increase to the federal operating rate to prospectively increase the rate after the American Taxpayer Relief Act (ATRA) of 2012, retrospectively adjusted for what CMS claimed to be over-payments due to coding improvements.
 - Wage Index/GAF (Wage Data and Reclassifications): Updated wage index and capital GAF values, including any impact due to new wage data, reclassifications, other adjustments to the wage indexes, and change in labor share. Included is a breakout showing the impact due to the change in labor share for those hospitals whose final wage index is greater than 1.
 - Wage Index/GAF (Other Changes): All of CMS' finalized changes to the calculation of the wage index values of hospitals for FFY 2022. These changes are broken out below the overall impact, and include those impacts due to: the expiration of the FFY 2021 5% stop loss transition and the associated budget neutrality adjustment; the FFY 2022 5% stop loss transition for eligible hospitals whose FFY 2022 wage index that was less than 95% of what it was for FFY 2021 (eligibility is based on if the hospital received the 5% stop loss transition in FFY 2021) and the associated budget neutrality adjustment for all hospitals; the imputed floor adjustment for all-urban states; the removal of the FFY 2021 adjustment to the wage index for hospitals in the bottom quartile of the wage index nationally and associated budget neutrality for all hospitals; and the FFY 2022 updates to the wage index for hospitals in the bottom quartile of wage index values nationally and the associated budget neutrality adjustment for all hospitals.
 - Change in Cost-of-Living Adjustments: Changes to cost-of-living (COLA) adjustments factors.
 - Transitional DSH Year-Over-Year: Year-over-year change to the traditional DSH transition finalized for FFY 2021 for hospitals that were converted from urban to rural as a result of the newly adopted CBSAs. Under the previously finalized DSH transition, hospitals received an add-on in FFY 2021 equal to 2/3rd of the difference between their rural-based DSH payments and what those payments would have been had the hospital remained urban. For FFY 2022, it was finalized that the add-on would be equivalent to 1/3rd of the difference, with no add-on provided for FFY 2023 and subsequent years.

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- UCC Payment Changes: Changes to UCC payments under the ACA-mandated DSH payment formula. In this analysis, DSH and UCC payment eligibility are held constant at the eligibility status predicted by CMS in its FFY 2022 final rule DSH Supplemental File. Changes in hospital UCC payments that result from changes in the national UCC pool dollars are isolated to the list of DSH-eligible hospitals in the FFY 2022 DSH supplemental file. The impacts also include year-to-year changes in hospital-specific UCC payment factors (Factor 3) for these hospitals, the impact of which is displayed separately.

- Change in Hospital Specific Rate: Reflects the impact to special status hospitals (SCHs, MDHs, or EACHs) where there is a change in payment status (hospital-specific vs federal) or where the value of the hospital-specific/federal blend for MDHs is changed due to a variation in uncompensated care payments.

- MS-DRG Updates: Changes due to updates to the DRG groupings and weights. Due to the COVID-19 public health emergency having a potential impact on FFY 2020 discharge data, CMS will continue to use FFY 2019 claims data for FFY 2022 rate-setting. Thus, the impact shown is the case-mix change resulting from running the FFY 2019 Medicare claims data through the DRG Grouper software program (Grouper Version 39 for FFY 2022) and assigning the respective MS-DRG weights.

- Quality-Based Payment Adjustments: Year-to-year change in hospital-specific quality performance and subsequent adjustments under the VBP, Readmissions Reduction, and HAC Reduction programs. Due to the effects on reporting as a result of the COVID-19 PHE, CMS will suppress FFY 2022 VBP adjustments and assign all hospitals an adjustment factor of 1.0000.

- Low Volume Adjustment: Reflects the change in overall payments made as a result of the Low Volume Hospital (LVH) Adjustment program. The LVH adjustment factors are from FFY 2021 IPPS final rule correction notice and the FFY 2022 IPPS final rule impact files. Distance eligibility for FFY 2021 was determined using the most recent 3 years of cost report data (2018, 2019, and 2020), as well as those that are shown to receive the adjustment in FFY 2022. If a hospital reported low volume payments in their most recent cost report, or had reported in its most recent year that the distance requirement had been met on Worksheet S-2, it is assumed that the hospital had met the distance requirement of the low volume adjustment.

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U.S.

	Operating		Capital		Total	
	Dollar Impact	% Change	Dollar Impact	% Change	Dollar Impact	% Change
Estimated FFY 2021 IPPS Payments	\$117,347,264,000		\$8,322,162,200		\$125,669,427,200	
Provider Type Changes	(\$7,158,000)	0.0%	(\$28,719,500)	-0.3%	(\$35,877,700)	0.0%
Marketbasket Update (Includes Budget Neutrality)	\$3,037,172,500	2.6%	\$95,198,100	1.1%	\$3,132,370,800	2.5%
ACA-Mandated Marketbasket Reductions	(\$768,181,400)	-0.7%	Not Applicable		(\$768,181,400)	-0.6%
Forecast Error Adjustment	Not Applicable		(\$24,978,000)	-0.3%	(\$24,978,000)	0.0%
MACRA-Mandated Coding Adjustment	\$516,274,600	0.4%	Not Applicable		\$516,274,600	0.4%
Wage Index/GAF (Wage Data and Reclassification)	\$51,122,300	0.0%	\$6,353,300	0.1%	\$57,471,000	0.0%
> Change in Labor Share	(\$51,926,300)	0.0%	Not Applicable		(\$51,926,300)	0.0%
Wage Index/GAF (Other Changes)	\$35,000,900	0.0%	\$36,141,400	0.4%	\$71,140,400	0.1%
> Expiration of Previous 5% Stop Loss Transition Budget Neutrality	\$125,985,900	0.1%	\$30,411,200	0.4%	\$156,400,500	0.1%
> Expiration of Previous 5% Stop Loss Transition Wage Index	(\$112,476,800)	-0.1%	(\$9,876,200)	-0.1%	(\$122,352,300)	-0.1%
> Current 5% Stop Loss Transition Wage Index	\$12,994,800	0.0%	\$1,472,800	0.0%	\$14,467,400	0.0%
> Current 5% Stop Loss Transition Budget Neutrality	(\$14,624,900)	0.0%	(\$1,086,600)	0.0%	(\$15,717,100)	0.0%
> Application of Imputed Floor	\$22,567,300	0.0%	\$1,726,600	0.0%	\$24,294,100	0.0%
> Removal of Previous Budget Neutrality Adjustment	\$223,041,300	0.2%	\$30,539,100	0.4%	\$253,581,900	0.2%
> Removal of Previous Bottom Quartile Wage Index	(\$200,437,800)	-0.2%	(\$21,219,400)	-0.3%	(\$221,657,200)	-0.2%
> Current Bottom Quartile Increase	\$199,480,100	0.2%	\$20,729,100	0.2%	\$220,211,400	0.2%
> Current Budget Neutrality Adjustment	(\$221,531,100)	-0.2%	(\$16,547,600)	-0.2%	(\$238,076,400)	-0.2%
Change in COLA	(\$414,900)	0.0%	(\$39,200)	0.0%	(\$454,100)	0.0%
Transitional DSH Year-Over-Year	\$0	0.0%	\$0	0.0%	\$0	0.0%
DSH: UCC Payment Changes [1]	(\$1,058,611,500)	-0.9%	Not Applicable		(\$1,058,611,500)	-0.8%
> DSH UCC Distribution Factor Change	\$29,667,200	0.0%	Not Applicable		\$29,667,200	0.0%
Change in Hospital Specific Rate	\$36,843,000	0.0%	\$36,843,000	0.0%	\$36,843,000	0.0%
MS-DRG Updates	(\$7,611,900)	0.0%	(\$548,800)	0.0%	(\$8,160,000)	0.0%
Quality Based Payment Adjustments [2]	(\$26,344,200)	0.0%	(\$850,300)	0.0%	(\$27,197,600)	0.0%
Net Change due to Low Volume Adjustment	\$1,837,200	0.0%	\$385,500	0.0%	\$2,223,400	0.0%
Estimated FFY 2022 IPPS Payments	\$119,157,187,400		\$8,405,104,300		\$127,562,296,400	
Total Estimated Change FFY 2021 to FFY 2022 †	\$1,809,923,400	1.5% ▲	\$82,942,100	1.0% ▲	\$1,892,868,600	1.5% ▲

† The values shown in the table above do not include the 2.0% sequestration reduction to all lines of Medicare payment authorized by Congress through FFY 2021. As part of the Medicare Sequester Relief Act, Congress eliminated the 2% sequester on Medicare payments from October 1, 2021 through December 31, 2021. It is estimated that reduction due to sequestration for FFY 2022 IPPS-specific payments will be: \$1,913,437,300.

¹ Detail on DSH UCC Payment Changes

The table to the right provides detail on DSH payment changes specific to the UCC component of the DSH program. National DSH program information is from the FFY 2021 IPPS final rule correction notice and FFY 2022 IPPS final rule. Hospital-specific UCC payment factors are from the FFY 2021 and FFY 2022 DSH Supplemental files published with those same rules.

	FFY 2021	FFY 2022	Change
Total Funding for UCC Payments	\$ 11.378 Billion	\$ 10.489 Billion	-\$ 0.889 Billion
ACA-Mandated Reduction	-27.14%	-31.43%	-4.29%
Hospital Specific Payment Factor	Hospital-Specific		
UCC Payment Amount	\$ 8.290 Billion	\$ 7.192 Billion	-\$ 1.098 Billion

² Detail on Quality-Based Payment Adjustments

The table to the right provides individual impact estimates for performance under the Value Based Purchasing (VBP), Readmissions Reduction (RRP), and Hospital-Acquired Condition (HAC) Reduction Programs for each of FFY 2021 and FFY 2022. The FFY 2022 Readmissions adjustment factors are from the FFY 2022 IPPS final rule impact file, and are proxies based on the FFY 2021 adjustment factors. The list of hospitals that could potentially be subject to the FFY 2022 HAC Reduction Program penalty is derived from hospital quality data available with the 4th quarter 2020 update of Care Compare (CMS did not provide this list with the rule). The FFY 2022 VBP adjustments are finalized to be suppressed due to the COVID-19 PHE. The FFY 2021 VBP and Readmissions adjustment factors are from the FFY 2021 IPPS final rule correction notice, and FFY 2021 HAC flags are from the 4th quarter 2020 update of Care Compare.

	FFY 2022
Base Operating Dollars Subject to VBP and RRP	\$965,221,100
Value Based Purchasing Program Impact	\$0
Readmissions Reduction Program Impact	(\$583,719,100)
HAC Program Impact (on IPPS Total Revenue)	(\$382,324,700)
Net Impact of Quality Programs	(\$966,043,800)

Notes:

This analysis is intended to show providers how Medicare inpatient fee-for-service (FFS) payments will change from FFY 2021 to FFY 2022 based on the policies set forth in the FFY 2022 IPPS final rule.

- This analysis does not include estimates for outlier payments, payments for services provided to Medicare Advantage patients, electronic health record incentive payments, nor modifications in FFS payments as a result of hospital participation in new payment models being tested under Medicare demonstration/pilot programs.

- Estimated IPPS payments for FFYs 2021 and 2022 are calculated using individual hospital characteristics provided by CMS in the FFY 2022 IPPS final rule Impact and DSH Supplemental files. Wage indexes, GAFs, and federal operating/capital rates are from the FFY 2021 final rule correction notice and FFY 2022 final rule Federal Registers.

- This analysis was developed to measure the impact of IPPS policy changes only. Hospital volume, patient mix, traditional DSH, and IME factors are held constant at the values published in the FFY 2022 final rule impact file.

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- Dollar impacts in this analysis may differ from those provided by other organizations/associations due to differences in source data and analytic methods. Individual percentages and dollars shown in this analysis may not add to total due to compounding and rounding. Dollar amounts less than \$50 and percentages less than 0.05% will appear as zeros due to rounding. Impact percentages are derived by comparing values of individual impacts to base year revenue. Due to the influence of the DSH uncompensated care pool, which is not tied to the inpatient rate, percentage impacts may not tie to the values listed below for component updates (i.e. marketbasket, ACA, etc.).

FFY 2022 IPPS Final Rule and Congressionally-Mandated Payment Changes Modeled in this Analysis:

- Provider Type Change: Changes to inpatient payments resulting from a change in provider type. This includes adjustments to both hospital specific rate (if received) and changes to the traditional, rate-based DSH payment calculation for hospitals that change special status.
- Marketbasket Update (Includes Budget Neutrality): 2.7% operating marketbasket increase and 1.1% capital marketbasket increase. Budget neutrality factors increase the operating update by 0.07% and the capital update by 0.09%.
- ACA Mandated Marketbasket Adjustment: -0.70 percentage point (PPT) productivity adjustment to the marketbasket authorized by the Affordable Care Act (ACA) of 2010.
- Forecast Error Adjustment: -0.3% adjustment to the inpatient capital rate in order to address unanticipated price fluctuations that may result in differences between actual price increases and those forecasted to calculate the capital update factor.
- MACRA-Mandated Coding Adjustment: 0.5% increase to the federal operating rate to prospectively increase the rate after the American Taxpayer Relief Act (ATRA) of 2012, retrospectively adjusted for what CMS claimed to be over-payments due to coding improvements.
- Wage Index/GAF (Wage Data and Reclassifications): Updated wage index and capital GAF values, including any impact due to new wage data, reclassifications, other adjustments to the wage indexes, and change in labor share. Included is a breakout showing the impact due to the change in labor share for those hospitals whose final wage index is greater than 1.
- Wage Index/GAF (Other Changes): All of CMS' finalized changes to the calculation of the wage index values of hospitals for FFY 2022. These changes are broken out below the overall impact, and include those impacts due to: the expiration of the FFY 2021 5% stop loss transition and the associated budget neutrality adjustment; the FFY 2022 5% stop loss transition for eligible hospitals whose FFY 2022 wage index that was less than 95% of what it was for FFY 2021 (eligibility is based on if the hospital received the 5% stop loss transition in FFY 2021) and the associated budget neutrality adjustment for all hospitals; the imputed floor adjustment for all-urban states; the removal of the FFY 2021 adjustment to the wage index for hospitals in the bottom quartile of the wage index nationally and associated budget neutrality for all hospitals; and the FFY 2022 updates to the wage index for hospitals in the bottom quartile of wage index values nationally and the associated budget neutrality adjustment for all hospitals.
- Change in Cost-of-Living Adjustments: Changes to cost-of-living (COLA) adjustments factors.
- Transitional DSH Year-Over-Year: Year-over-year change to the traditional DSH transition finalized for FFY 2021 for hospitals that were converted from urban to rural as a result of the newly adopted CBSAs. Under the previously finalized DSH transition, hospitals received an add-on in FFY 2021 equal to 2/3rd of the difference between their rural-based DSH payments and what those payments would have been had the hospital remained urban. For FFY 2022, it was finalized that the add-on would be equivalent to 1/3rd of the difference, with no add-on provided for FFY 2023 and subsequent years.
- UCC Payment Changes: Changes to UCC payments under the ACA-mandated DSH payment formula. In this analysis, DSH and UCC payment eligibility are held constant at the eligibility status predicted by CMS in its FFY 2022 final rule DSH Supplemental File. Changes in hospital UCC payments that result from changes in the national UCC pool dollars are isolated to the list of DSH-eligible hospitals in the FFY 2022 DSH supplemental file. The impacts also include year-to-year changes in hospital-specific UCC payment factors (Factor 3) for these hospitals, the impact of which is displayed separately.
- Change in Hospital Specific Rate: Reflects the impact to special status hospitals (SCHs, MDHs, or EACHs) where there is a change in payment status (hospital-specific vs federal) or where the value of the hospital-specific/federal blend for MDHs is changed due to a variation in uncompensated care payments.
- MS-DRG Updates: Changes due to updates to the DRG groupings and weights. Due to the COVID-19 public health emergency having a potential impact on FFY 2020 discharge data, CMS will continue to use FFY 2019 claims data for FFY 2022 rate-setting. Thus, the impact shown is the case-mix change resulting from running the FFY 2019 Medicare claims data through the DRG Grouper software program (Grouper Version 39 for FFY 2022) and assigning the respective MS-DRG weights.
- Quality-Based Payment Adjustments: Year-to-year change in hospital-specific quality performance and subsequent adjustments under the VBP, Readmissions Reduction, and HAC Reduction programs. CMS finalized to suppress FFY 2020 VBP adjustments and assigning all hospitals an adjustment factor of 1.0000. The nationwide VBP impacts shown above have been set to zero to correspond with the law requirements.
- Low Volume Adjustment: Reflects the change in overall payments made as a result of the Low Volume Hospital (LVH) Adjustment program. The LVH adjustment factors are from FFY 2021 IPPS final rule correction notice and the FFY 2022 IPPS final rule impact files. Distance eligibility for FFY 2021 was determined using the most recent 3 years of cost report data (2018, 2019, and 2020), as well as those that are shown to receive the adjustment in FFY 2022. If a hospital reported low volume payments in their most recent cost report, or had reported in its most recent year that the distance requirement had been met on Worksheet S-2, it is assumed that the hospital had met the distance requirement of the low volume adjustment.