It is Proposed Rule Season! What Do We Know?

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Spring brings rain, blooms, pollen, and if you are a basketball fan – March Madness! In the healthcare world, we have our own Spring Madness. Specifically, the Centers for Medicare and Medicaid Services (CMS) publish a plethora of proposed rules in the spring for programs that are paid on a fiscal year (FY). This includes proposed rules for hospitals, such as inpatient rehabilitation and inpatient psychiatric facilities, skilled nursing facilities and hospice agencies. The public has 60 days to comment on these proposed rules and CMS is required to read and respond to every comment they receive. Members of APTA Geriatrics work in skilled nursing facilities (SNFs) and inpatient rehabilitation facilities (IRFs), so the proposals in this rule, if finalized, will impact their daily lives.

But, if you are reading this, and you work in home health, **please keep reading! Why?** The services SNFs and IRFs provide are also referred to as post-acute care (PAC) because they are most frequently provided *after* an acute care hospital stay. Home health agencies (HHAs) also deliver PAC services, and since the Improving Medicare Post-Acute Care Transitions Act of 2014 (IMPACT Act) was passed, CMS has regularly implemented the same requirements across PAC providers. More specifically, when CMS proposes a requirement or quality measure for SNF or IRF, it almost always is proposed for HHAs. The proposed rule for HHAs is published in June, however, because they are paid on a calendar year (CY). One example of this occurred in 2023 when CMS proposed the Discharge Function Score quality measure in the SNF and IRF rules, and two months later proposed the same measure in the HHA rule. Therefore, HHA therapists

should stay aware of what is in the SNF and IRF proposed rules because it is likely they will see very similar proposals.

Table 1 provides a summary of the proposals in the SNF and IRF proposed rules. The last column on the right indicates whether the proposed policy "could" appear in the HHA proposed rule – that is, whether the content of the proposed policy is also found in the HHAs requirements. Following the table is a brief explanation of each of the proposed policies.

Table 1. Proposed Policies in the FY 2026 SNF and FY 2026 IRF Proposed Rules

Proposed Policy	SNF	IRF	HHA
Proposed Payment Policies			
Payment Increase for FY 2026 (10/1/2025 - 9/30/2026)	+2.8%	+2.6%	↑ or ↓
Updates to the Patient Driven Payment Model (PDPM) ICD-10 mappings	✓	NA*	NA
Updates to the Case-Mix Group (CMG) Relative Weights and Average Length of Stay (ALOS) Values	NA	✓	NA
Proposed Value-Based Purchasing (VBP) Program Policies			
SNF Value-Based Purchasing (VBP) Program: Remove the health equity adjustment	✓	NA	NA
HH VBP Program	NA	NA	Could appear
Proposed Quality Reporting Program (QRP) Policies			
Remove four standardized patient assessment data elements in the social determinants of health category	Utilities, Food (2), Housing	Utilities, Food (2), Housing	Could appear
Remove the Healthcare Personnel COVID-19 Vaccine Measure	NA	✓	Could appear
Remove the Patient/Resident COVID-19 Vaccine is Up to Date Measure	NA	✓	Could appear
Amend the reconsideration request policy and process	✓	✓	Could appear
Request for Information (RFI) on advancing digital quality measures	✓	✓	Could appear
RFI on a measure of well-being	✓	✓	Could appear
RFI on a measure of delirium	✓	✓	Could appear

RFI on a measure of nutrition	✓	✓	Could appear
RFI on regulations or rules that are burdensome for providers	✓	✓	Could appear

*NA = Not Applicable

Proposed Payment Policies

Payment Increase for FY 2026 (10/1/2025 through 9/30/2026)

Payment rates for the SNF and IRF prospective payment systems are updating annually to reflect changes in prices for goods and services that are necessary for SNFs and IRFs to provide services to Medicare beneficiaries. CMS proposed a net payment increase of 2.8% for SNFs. This would mean that SNFs would be paid approximately $997 million more in FY 2026 than they were in FY 2025 (10/1/2024 – 9/30/2025). For IRFs, CMS proposed a net payment increase of 2.6%, equating to an estimated $295 million in payments in FY 2026. However, for the last three years, HHAs have received payment reductions, so it remains to be seen whether that trend will reverse when the proposed HH rule is displayed in June.

Updates to the SNF Patient Driven Payment Model (PDPM) ICD-10 mappings

Patients admitted to a SNF are classified into a payment category based on their primary diagnosis, cognitive status, functional level, and other clinical characteristics. ICD-10 codes are used to determine the patient's primary diagnosis, and these are mapped to a clinical category for purposes of payment. When CMS is making a substantive change to the mappings, they use the proposed rule to propose such changes. In this year's proposed SNF rule for FY 2026, they are proposing 34 changes to ICD-10 code mappings. These include changing ICD-10 codes for Type 1 Diabetes Mellitus, Hypoglycemia, Obesity, Anorexia Nervosa, Bulimia Nervosa, Binge Eating Disorder, and Pica and Rumination Disorder from Medical Management to Return to

Provider. ICD-10 codes for Serotonin Syndrome are also proposed to change from Acute Neurological to Medical Management.

Updates to the IRF Case-Mix Group (CMG) Relative Weights and Average Length of Stay (ALOS) Values

Patients admitted to an IRF are classified into Case-Mix Groups (CMGs) based on their reason for IRF admission, age, functional level, and other clinical characteristics. Each CMG is assigned a relative weight that is proportional to the resources needed for an average case in that CMG. Each year, CMS updates these 100 CMG relative value weights as well as the Average Length of Stay (ALOS) values for each. For details of the proposed changes, see Table 2 in the FY 2026 IRF PPS Proposed Rule at https://public-inspection.federalregister.gov/2025-06336.pdf.

Proposed Value-Based Purchasing (VBP) Program Policies

Remove the health equity adjustment for the SNF VPP Program

In the FY 2024 SNF PPS Final Rule, CMS finalized a Health Equity Adjustment (HEA) for the SNF VBP program. This "adjustment" was meant to reward top tier performing SNFs that serve higher proportions of SNF residents with dual eligible status (i.e., residents with both Medicare and Medicaid benefits). The adjustment was planned to begin with the FY 2027 program year. In this year's proposed rule, CMS proposes removing the HEA, stating that it believes removing the HEA will simplifying the scoring methodology and improve SNF's understanding of the program.

HHAs also participate in a VBP Model. In the CY 2025 final rule, new measures were added to the Model, but it currently does not have any form of a HEA. HHAs will have to wait for the proposed rule to find out what might change in CY 2026.

Proposed Quality Reporting Program (QRP) Policies

Remove four standardized patient assessment data elements in the social determinants of health category

Both the SNF and IRF use standardized patient assessment tools to collect patient data which is used for payment, quality measurement, and other purposes. Certain data elements on these tools are referred to as standardized patient assessment data elements. In the FY 2025 SNF PPS Final Rule and the IRF PPS Final Rule, CMS adopted four standardized patient assessment data elements in the Social Determinants of Health (SDOH) category: one item for Living Situation (R0310); two items for Food (R0320A and R0320B); and one item for Utilities (R0330). CMS finalized that SNFs would be required to report these data elements beginning with residents admitted on October 1, 2025, and IRFs would be required to report these data elements beginning with patients admitted on October 1, 2026. CMS is now proposing to remove these four items from both the SNF and IRF QRPs and not require their collection and reporting, as previously finalized. CMS cited the burden associated with the items as their reason for proposing removal.

HHAs also finalized the collection of these four standardized patient assessment data elements in the CY 2025 rule. They were supposed to begin collecting these items on January 1, 2027. Providers will find out in June if they will also see a proposal to remove these items from the OASIS.

Remove the Healthcare Personnel COVID-19 Vaccine Measure

CMS is proposing to remove the HCP COVID-19 measure beginning with the FY 2026 IRF

QRP. IRFs have been submitting this information to the Centers for Disease Control and Prevention (CDC) since October 1, 2021, during the height of the COVID-19 public health emergency. CMS is now proposing to remove the requirement that IRFs report this information, citing the costs associated with a measure outweigh the benefit of its continued use in the program. SNFs also are required to report this information to the CDC, but CMS did *not* propose to remove it from the SNF QRP. HHAs are not required to report this information, so it is not a proposal we expect to see in the HH proposed rule for CY 2026.

Remove the Patient/Resident COVID-19 Vaccine is Up to Date Measure

CMS is proposing to remove the COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date measure beginning with the FY 2028 IRF QRP. IRFs have been collecting and submitting this information to CMS via the IRF Patient Assessment Instrument (PAI) since October 1, 2024. CMS is now proposing to remove the requirement that IRFs report this information, citing the costs associated with a measure outweigh the benefit of its continued use in the program. SNFs and HHAs also are required to report this information to CMS, but CMS did *not* propose to remove it from the SNF QRP. HHAs began collecting this information on January 1, 2025, so we will have to wait and see whether they propose to remove it from the HH QRP or keep it when they release their proposed rule for CY 2026 in June.

Amend the reconsideration request policy and process

SNFs and IRFs that fail to report required data face a 2 percent reduction to their payment update for the applicable fiscal year. An initial determination that the SNF or IRF did not comply with their respective QRP reporting requirements has significant financial repercussions for the facility. However, SNFs and IRFs can appeal CMS' decision – that is, they

can ask CMS to reconsider their initial determination. This proposal seeks to clarify the current process as well as to allow SNFs to request an extension to file a request for reconsideration.

RFI on advancing digital quality measures

In both the SNF and IRF proposed rules, CMS is seeking input on the importance, relevance, appropriateness, and applicability of a measure(s) that address or evaluate the level of readiness for interoperable data exchange, or the ability of data systems to securely share information across the spectrum of care. Since it is only an RFI, it is likely providers will see this same topic in the HH proposed rule in June.

RFI a measure of well-being

In both the SNF and IRF proposed rules, CMS is seeking input on tools and measures that assess overall health, happiness, and satisfaction in life that could include aspects of emotional well-being, social connections, purpose, fulfilment, and self-care work. Since it is only an RFI, it is likely providers will see this same topic in the HH proposed rule in June.

RFI a measure of delirium

In both the SNF and IRF proposed rules, CMS is seeking input on applicability of measures that evaluate for the sudden, serious change in a person's mental state or altered state of consciousness that may be associated with underlying symptoms or conditions. Since it is only an RFI, it is likely providers will see this same topic in the HH proposed rule in June.

RFI a measure of nutrition

In both the SNF and IRF proposed rules, CMS is seeking input on tools and frameworks that promote healthy eating habits, appropriate exercise, nutrition or physical activity for

optimal health, well-being, and best care for all. Since it is only an RFI, it is likely providers will see this same topic in the HH proposed rule in June.

RFI on regulations or rules that are burdensome for providers

Both the SNF and IRF proposed rules include a request for input on approaches and opportunities to streamline regulations and reduce administrative burdens on providers, suppliers, beneficiaries, and other stakeholders participating in the Medicare program. Since it is only an RFI, it is likely providers will see this same topic in the HH proposed rule in June.

Conclusion

As Figure 1 illustrates, there are three different types of advocacy: regulatory, legislative, and policy. Providing comments on the proposed rules affecting the healthcare settings that PTs and PTAs work in, including SNFs, is one very important form of advocacy. APTA will be formulating comments on both the SNF and IRF rules and members are encouraged to share the thoughts with APTA by emailing them at Advocacy@APTA.org.

[INSERT FIGURE 1]