

## **CMS Issues 2024 Inpatient Prospective Payment System Proposed Rule, Requests Information on Safety Net Hospitals**

On April 10, 2023, the Centers for Medicare & Medicaid Services (CMS) issued the fiscal year (FY) 2024 Medicare Hospital Inpatient Prospective Payment System (IPPS) Proposed Rule. The Proposed Rule would update Medicare fee-for-service payment rates and policies for inpatient hospitals and Long-Term Care Hospitals (LTCHs) for FY 2024. Under the Proposed Rule, changes in the transplant DRG weights would not exceed 10%. A comparison of current and proposed transplant DRG weight changes accompanies this article.

Under the IPPS Proposed Rule, the increase in operating payment rates for general acute care hospitals that successfully participate in the Hospital Inpatient Quality Reporting (IQR) program and are meaningful electronic health record (EHR) users is projected to be 2.8%. CMS projects that the proposed increase in operating and capital IPPS payment rates will generally increase hospital payments in FY 2024 by \$3.3 billion. However, it is anticipated that payments for uncompensated care and new technology add-on payments will decrease by \$115 million and \$460 million respectively.

The American Hospital Association (AHA) has expressed serious concern about the adequacy of the payment update in light of cost increases impacting hospitals, stating:

*The AHA is deeply concerned with CMS' woefully inadequate proposed inpatient hospital payment update of 2.8% given the near decades-high inflation and increased costs for labor, equipment, drugs and supplies. Moreover, long-term care hospitals would see a staggering negative 2.5% payment update under this proposal. These insufficient adjustments are simply unsustainable.<sup>1</sup>*

Hospitals may be subject to other payment adjustments under the IPPS, including:

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<sup>1</sup> <https://www.aha.org/news/headline/2023-04-10-cms-issues-hospital-ipp-pps-proposed-rule-fy-2024>.

- Payment reductions for excess readmissions under the Hospital Readmissions Reduction Program.
- Payment reduction (1%) for the worst-performing quartile under the Hospital Acquired Condition (HAC) Reduction Program.
- Upward and downward adjustments under the Hospital Value-Based Purchasing (VBP) Program.

CMS is proposing several changes to its quality reporting and value programs. For the Hospital Value-based Purchasing (VBP) program, CMS proposes to modify two quality measures and adopt a new measure on sepsis care; the agency also proposes a health equity scoring adjustment to reward excellent care to underserved populations. Finally, CMS proposes to add new modes and timelines for patient experience survey administration under the VBP program.

While the IPPS Proposed Rule does not include any transplant-specific proposals, it does include notice that Takeda Pharmaceuticals U.S.A., Inc. submitted an application for new technology add-on payments for LIVTENCITY™ (maribavir) for FY 2023. LIVTENCITY™ is a cytomegalovirus (CMV) pUL97 kinase inhibitor indicated for the treatment of adults and pediatrics (12 years of age and older and weighing at least 35 kg) with post-transplant CMV infection/disease that is refractory to treatment (with or without genotypic resistance) to ganciclovir, valganciclovir, cidofovir, or foscarnet.

The IPPS Proposed Rule also includes a request for information on safety net hospitals, indicating a strong agency interest in IPPS modifications that have the potential to direct additional resources to “safety net” hospitals—hospitals that “play a crucial role in the advancement of health equity by making essential services available to the uninsured, underinsured, and other populations that face barriers to accessing health care, including people from racial and ethnic minority groups, the LGBTQ+ community, rural communities, and members of other historically underserved groups.” Additional payment for safety net

hospitals has the potential to benefit some teaching and other major health systems that operate transplant programs.

MS-DRG	DESCRIPTION	2024 PROPOSED WEIGHT	FINAL 2023 WEIGHT	PERCENT CHANGE
1	HEART TRANSPLANT OR IMPLANT OF HEART ASSIST SYSTEM W MCC	27.1548	28.1461	-4%
2	HEART TRANSPLANT OR IMPLANT OF HEART ASSIST SYSTEM W/O MCC	12.1736	13.4731	-10%
5	LIVER TRANSPLANT W MCC OR INTESTINAL TRANSPLANT	10.3005	11.407	-10%
6	LIVER TRANSPLANT W/O MCC	4.8291	4.8093	0%
7	LUNG TRANSPLANT	12.3078	12.7073	-3%
8	SIMULTANEOUS PANCREAS/KIDNEY TRANSPLANT	5.3044	5.5911	-5%
10	PANCREAS TRANSPLANT	4.4828	4.1468	8%
650	KIDNEY TRANSPLANT WITH HEMODIALYSIS WITH MCC	4.5012	4.6439	-3%
651	KIDNEY TRANSPLANT WITH HEMODIALYSIS WITHOUT MCC	3.4718	3.5462	-2%
652	KIDNEY TRANSPLANT	3.0238	3.0851	-2%