

## CMS Issues Final 2025 Inpatient Rule

On Aug. 1, the Centers for Medicare & Medicaid Services (CMS) released the [final FY 2025 Inpatient Prospective Payment System \(IPPS\) rule](#) of nearly 3,000 pages with a payment adjustment of 2.9% for hospitals that are meaningful users of electronic health records and submit quality data measures.



WHA had [raised concerns in its comment letter](#) about the impact of CMS continuing to downplay cost increases impacting hospitals by issuing payment updates well under the pace of true hospital cost inflation. In 2022, 65 Wisconsin hospitals ran a negative total margin, largely as a result of Medicare underpayments to hospitals, which grew to -\$3.3 billion in 2022. Unfortunately, the update in this rule will continue this trend of Medicare updates not keeping up with inflation.

In addition to the payment update, the new rule finalized a host of other updates, such as:

- Creating a separate IPPS payment for small, independent PPS hospitals to voluntarily establish and maintain access to essential medicines. WHA had cautioned that this will add to the already high clinical and regulatory burden these hospitals already face.
- Adopt new core-based statistical areas for determining the Medicare area wage index. WHA had expressed concerns over Medicare Audit Contractors (MACs) not uniformly applying contract labor to a hospital's wage index, which CMS noted in its final rule as well as the appeals process available to hospitals.
- Distribute new graduate medical education slots. WHA had expressed concerns over relying too much on Health Professional Shortage Areas—which HRSA has reduced in recent years, and also on creating restrictive definitions for new residencies that could make it difficult to utilize qualified staff.
- Making it a Condition of Participation (COP) that hospitals report acute respiratory data 1x weekly beginning on Nov. 1. Some of this (like staffed bed capacity and occupancy) will be a weekly snapshot while others (like new admissions of confirmed respiratory illnesses) will be weekly totals. Fortunately, CMS heeded concerns expressed by WHA and others and did not finalize its proposal to alter reporting if the HHS secretary believes an event is significantly likely to become a public health emergency.
- Finalizing the majority of its proposed quality updates.

Contact WHA Vice President of Federal and State Relations [Jon Hoelter](#) with questions.

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