

# **The 75% Rule for Inpatient Rehabilitation Facilities**

## **Questions and Answers**

### **What is an Inpatient Rehabilitation Facility?**

Inpatient rehabilitation facilities (IRF) are freestanding rehabilitation hospitals or acute care hospital units that provide hospital level care. This care consists of intensive rehabilitation in combination with management of patients' primary diagnosis and comorbidities. Rehabilitation hospitals and units treat conditions such as spinal cord injury, major multiple trauma, hip fractures, stroke, brain injury, severe burns, neurological disorders (i.e., multiple sclerosis, muscular dystrophy, Parkinson's disease), and knee and hip joint replacements. Modern medical advances also allow for cancer, cardiac, transplant, pulmonary and pain patients, among others, to receive intensive care in IRFs. Under CMS' prospective payment system, hospitals are reimbursed for care to such types of patients. Care is coordinated through a multi-disciplinary team that includes specialty-trained rehabilitation physicians, nurses, and therapists.

### **What is the 75% Rule?**

The intent of the "75% Rule" is to distinguish IRFs from general acute hospitals. To participate in Medicare, inpatient rehabilitation hospitals and units must satisfy the 75% Rule, in addition to other criteria. The rule requires that a certain percentage of IRF patients fall within 13 diagnostic categories. The 75% Rule limits the number and types of IRF patients who are not within the 13 categories, including cardiac, pulmonary, cancer, pain, and joint replacement patients.

### **How long has the 75% Rule been in effect?**

The 75% Rule was implemented in 1983. In 2002, CMS placed a moratorium on 75% Rule enforcement due to inconsistent enforcement by its fiscal intermediaries. In July 2004, the moratorium ended and a phase-in of the revised 75% Rule began. The current threshold of 60 percent is in effect through June 2007. For cost reporting periods beginning July 1, 2006, the compliance threshold jumps to 65 percent. Full implementation is scheduled for July 2008.

### **What are the effects of the 75% Rule?**

Patients outside the 13 qualifying conditions are often denied IRF access. Access is most restrictive for newer rehabilitation specialties such as cardiac, pulmonary, pain, and cancer. As a result, the number of Medicare cases treated in IRFs declined by 88,000 patients during the first two years of 75% Rule phase-in (The Moran Company, June 2006). Some rehabilitation facilities have closed and many have significantly reduced services and staff.

### **What is being done to improve the 75% Rule?**

The inpatient rehabilitation field is collaborating with leading researchers on major new research on post-acute rehabilitation. The research compares clinical treatments, outcomes, and cost effectiveness across different post-acute sites of care. The preliminary findings of this \$2 million campaign will be highlighted in a February 2007 research symposium in Washington DC. This research will provide new evidence-based tools for policymakers working on the 75% Rule.

### **How can Congress help?**

Congress can be instrumental in helping ensure that patients needing inpatient rehabilitation following surgery or an accident maintain access to this unique and clinically valuable setting. Legislative action is required to prevent further restrictions on IRF access.