



VIA ELECTRONIC MAIL

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Dear Deputy Administrator and Director Klomp and Dr. Hughes:

On behalf of the American Medical Rehabilitation Providers Association (AMRPA) and our member hospitals providing Inpatient Rehabilitation Facility (IRF) services to Medicare beneficiaries, I write to express our concern with significant financial penalties that have been imposed under the IRF Quality Reporting Program (QRP) as of October 1, 2025. These penalties are being leveled against affected IRFs despite pending reconsideration requests—challenging the imposition of a 2% penalty for noncompliance with the full data submission requirements under the IRF QRP—that were not addressed timely by the Centers for Medicare and Medicaid Services (CMS) prior to the beginning of the new federal fiscal year and the government shutdown.

We respectfully seek reinstatement of the full IRF Prospective Payment System (PPS) payments effective October 1, 2025 to all IRFs with unresolved IRF QRP reconsideration requests. We also urge CMS to commit to prioritizing the issuance of informed, deliberate decisions on these pending IRF QRP reconsideration requests once the shutdown ends.

Each year, CMS imposes financial penalties on certain IRFs for alleged noncompliance with the QRP. The reconsideration process allows IRFs that challenge the underlying reasons for imposition of these penalties an opportunity to avert these penalties before they are imposed on October 1, the start of the new federal fiscal year and the start of updated payment levels under the IRF PPS.¹ In fact, AMRPA has engaged with numerous members who have successfully attained a penalty reversal due to findings of extraordinary circumstances or an erroneous finding on CMS' part in prior years, and we therefore take this annual reconsideration process very seriously. While there is not a specific statutory deadline for CMS to issue final determinations on reconsideration requests, the CMS website states that CMS will issue reconsideration decisions in **September**,² CMS has recognized that a delay beyond this timeframe can have adverse consequences for IRFs, with the most recent IRF payment rule providing that the agency

¹ The requirements for the QRP reconsideration process, including the mandate that CMS notify IRFs of its final determination through specified methods, are outlined at 42 CFR § 412.634(d).

² Inpatient Rehabilitation Facility (IRF) Quality Reporting Program (QRP) Reconsideration and Exception & Extension, <https://www.cms.gov/medicare/quality/inpatient-rehabilitation-facility/irf-quality-reporting-reconsideration-and-exception-extension>. CMS' language states that: "September: IRFs are notified of the agency's decision on the reconsideration requests via letter from the MACs and CMS."

“understand[s] the payment implications that a determination of non-compliance can have on an IRF and perform[s] all due diligence when making such determinations.”³

CMS does not appear to have met the due diligence standard this year as the agency did not resolve outstanding IRF QRP penalty reconsiderations by the start of the fiscal year despite the foreseeability that the federal government might shut down on October 1st. Unfortunately, the burden of these delayed decisions will now shift to impacted IRFs. Agency staff performing these reconsideration reviews are apparently furloughed until Congress funds CMS for part or all of FY 2026. In fact, AMRPA has been informed by CMS staff that IRFs that have not been informed of their reconsideration decision to date “will face the 2% penalty reduction until their appeal is finalized, at which time they would be “made whole” in the future if the determination is to reverse the original notice of reduction.”⁴

This decision imposes a punitive impact on these IRFs for actions that are no fault of their own, and we ask you to revisit this decision. AMRPA is concerned that its member IRFs will have to endure these penalties for an indeterminate period of time before the reconsideration process is completed and a final determination is rendered. Furthermore, once CMS staff return to work, we are concerned the final determinations of these reconsideration requests may be made with less deliberation than usual in an effort to clear the backlog of pending business before CMS. Finally, we are concerned that making “whole” affected IRFs whose reconsideration requests are reversed may not be as easy as envisioned and may take months to resolve.

For these reasons, we urge you to revisit this decision and make a determination to pay all IRFs in this situation the full IRF PPS amount effective October 1, 2025 and, if their QRP reconsideration requests are upheld, work with affected IRFs to recoup the outstanding QRP penalties. We also urge CMS to prioritize settling all reconsideration determinations once the shutdown is resolved and ensure all impacted providers are afforded timely and meaningful review.

Thank you for your consideration of this request and please contact me if I can be of any assistance to you in rendering this decision.

Sincerely,



Kate Beller, J.D.
President, AMRPA

cc: Ariel Cress, CMS, CCSQ
Michelle Schreiber, CMS, CCSQ

³ Medicare Program; Inpatient Rehabilitation Facility Prospective Payment System for Federal Fiscal Year 2026 and Updates to the IRF Quality Reporting Program. 90 Fed. Reg. 37678 37708 (Aug. 5, 2025).

⁴ Email correspondence from Schreiber, Michelle (CMS/CCSQ) to Kate Beller (AMRPA President) sent Friday, October 10, 2025 at 9:34 AM.