

IHCP *bulletin*

INDIANA HEALTH COVERAGE PROGRAMS BT202584 JUNE 17, 2025

IHCP announces HAF adjustment factors for outpatient and inpatient rates

Effective July 1, 2025, the Indiana Health Coverage Programs (IHCP) will revise the Hospital Assessment Fee (HAF) adjustment factors used for inpatient diagnosis-related group (DRG) reimbursement to eligible hospitals. There will be no change in the HAF adjustment factors used for outpatient reimbursement to eligible hospitals.

The HAF adjustment factors apply within the fee-for-service (FFS) and managed care delivery systems, including reimbursement under the Healthy Indiana Plan (HIP), Hoosier Care Connect, Hoosier Healthwise and Indiana PathWays for Aging (PathWays) programs.

The following are the HAF adjustment factors as of July 1, 2025:

- The revised adjustment factor for the inpatient DRG base rate is 3.7 (previously 3.5).
- The adjustment factor for the inpatient rehabilitation level-of-care (LOC) rate is 3.2 (no change).
- The adjustment factor for the inpatient psychiatric LOC rate is 3.2 (no change).
- The adjustment factor for the inpatient burn LOC rate is 1.0 (no change).
- The adjustment factor for the outpatient rate is 3.9 (no change).

The updated adjustment factors will be applied to claims with dates of service (DOS) on or after July 1, 2025. The IHCP uses the date of discharge on inpatient claims to determine which inpatient DRG base rate HAF adjustment factor is used.

As a reminder, HAF rate adjustments are not applied to the following outpatient hospital services:

- Laboratory procedure codes in the Medicare clinical laboratory fee schedule, available from the [Clinical Laboratory Fee Schedule](#) page at cms.gov
- Procedure codes linked to revenue code 636 – *Pharmacy (Extension of 025X) – Drugs Requiring Detailed Coding*
- Procedure codes linked to revenue code 274 – *Medical/Surgical Supplies and Devices – Prosthetic/Orthotic Devices*

HAF adjustments to outpatient and inpatient hospital reimbursement ensure that aggregate payments to eligible providers reasonably approximate the Medicare upper-payment limits without exceeding those limits.

To remain within the hospital's upper-payment limit, adjustment factors may be revised in the future. Providers will be notified of any change to the adjustment factors through a future IHCP bulletin.



QUESTIONS?

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