Issue Brief

April 5, 2023

Proposed FY 2024 Skilled Nursing Facility PPS Update Issued

The Centers for Medicare & Medicaid Services (CMS) have issued a proposed rule to update the Medicare Skilled Nursing Facility prospective payment system (SNF) for FY 2024.

The proposed rule includes a forecast error adjustment for FY 2024 and includes the second phase of the Patient Driven Payment Model (PDPM) parity adjustment recalibration (reduction). This proposed rule also proposes updates to the diagnosis code mappings used under the PDPM.

Beginning with the FY 2025 SNF Quality Reporting Program (QRP), CMS proposes to modify the COVID-19 Vaccination Coverage among Healthcare Personnel measure, adopt a Discharge Function Score measure, and remove (1) the Application of Percent of Long-Term Care Hospital Patients with an Admission and Discharge Functional Assessment and a Care Plan that Addresses Function measure, (2) the Application of IRF Functional Outcome Measure: Change in Self-Care Score for Medical Rehabilitation Patients measure, and (3) the Application of IRF Functional Outcome Measure: Change in Mobility Score for Medical Rehabilitation Patients measure.

Beginning with the FY 2026 SNF QRP, CMS proposes to adopt the CoreQ: Short Stay Discharge measure and the COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date measure. CMS also proposes changes to the SNF QRP data completion thresholds for the Minimum Data Set (MDS) data items beginning with the FY 2026 SNF QRP and to make certain revisions to regulation text at § 413.360.

This proposed rule also contains proposals pertaining to the public reporting of (1) the (1) Transfer of Health Information to the Patient-Post-Acute Care measure, (2) the Transfer of Health Information to the Provider-PAC measure, (3) the Discharge Function Score measure, and (4) the COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date measure.

CMS is proposing several updates for the SNF Value-Based Program (VBP)by proposing to adopt a Health Equity Adjustment that rewards top tier performing SNFs that serve higher proportions of SNF residents with dual eligibility status, effective with the FY 2027 program year and to adopt a variable payback percentage to maintain an estimated payback percentage for all SNFs of no less than 60 percent.

CMS is proposing to adopt four new quality measures to the SNF VBP Program, one taking effect beginning with the FY 2026 program year and three taking effect beginning with the FY 2027 program year.

CMS is also proposing to refine the Skilled Nursing Facility 30-Day Potentially Preventable Readmission (SNFPPR) measure specifications and update the name to the Skilled Nursing Facility Within-Stay Potentially Preventable Readmission (SNF WS PPR) measure effective with the FY 2028 program year.

In addition, CMS is proposing to eliminate the requirement for facilities facing a civil money penalty to actively waive their right to a hearing in writing in order to receive a penalty reduction. CMS would create, in its place, a constructive waiver process that would operate by default when CMS has not received a timely request for a hearing. The accompanying 35 percent penalty reduction would remain. CMS says this proposed revision would result in lower administrative costs for most LTC facilities facing civil money penalties (CMPs), and would streamline and reduce the administrative burden for CMS.

Questions? Contact Andrew Wheeler, MHA's Vice President of Federal Finance, at 573-893-3700 | ext. 1336 or awheeler@mhanet.com.

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The 312-page document is scheduled for publication in the **Federal Register** on April 10. A copy is currently available at: https://public-inspection.federalregister.gov/2023-07122.pdf. This link will change upon publication.

Comments

CMS estimates that the aggregate impact of the payment policies in this proposed rule would result in a net increase of 3.7 percent or approximately $1.2 billion, in Medicare Part A payments to SNFs in FY 2024. This estimate reflects a $2 billion increase resulting from the 6.1 percent net market basket update to the payment rates, which is based on a 2.7 percent SNF market basket increase plus a 3.6 percent market basket forecast error adjustment and less a 0.2 percent productivity adjustment, as well as a negative 2.3 percent, or approximately $745 million, decrease in the FY 2024 SNF PPS rates as a result of the second phase of the Patient Driven Payment Model (PDPM) parity adjustment recalibration.

CMS notes that these impact numbers do not incorporate the SNF VBP Program reductions that it estimates would total $184.85 million in FY 2024. (Page 273)

CMS provides the following regarding the impact of the proposed FY 2024 payments and rates.

Provision Description	Total Transfers/Costs
FY 2024 SNF PPS Payment update	The overall economic impact of this proposed rule is an estimated increase of $1.2 billion in aggregate payments to SNFs during FY 2024.
FY 2025 SNF QRP changes	The overall economic impact of this proposed rule to SNFs is an estimated benefit of $1,037,261 to SNFs during FY 2025.
FY 2026 SNF QRP changes	The overall economic impact of this proposed rule to SNFs who would be exempt from the proposed CoreQ: Short Stay Discharge measure reporting requirements and the increase in burden from the addition of the Patient/Resident COVID-19 Vaccine measure is an estimated increase in aggregate cost from FY 2025 of $866,772. The overall economic impact of this proposed rule to SNFs who participate in the proposed CoreQ: Short Stay Discharge measure reporting requirements and the increase in burden from the addition of the Patient/Resident COVID-19 Vaccine measure is an estimated increase in aggregate cost from FY 2025 of $61,580,090.
FY 2027 SNF QRP changes	The overall economic impact of this proposed rule to SNFs who would be exempt from the proposed CoreQ: Short Stay Discharge measure reporting requirements is an estimated increase in aggregate cost from FY 2026 of $88,181. The overall economic impact of this proposed rule to SNFs who participate in the proposed CoreQ: Short Stay Discharge measure reporting requirements is an estimated increase in aggregate cost from FY 2026 of $63,344,417.
FY 2024 SNF VBP changes	The overall economic impact of the SNF VBP Program is an estimated reduction of $184.85 million in aggregate payments to SNFs during FY 2024.
FY 2026 SNF VBP changes	The overall economic impact of the SNF VBP Program is an estimated reduction of $196.50 million in aggregate payments to SNFs during FY 2026.

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Provision Description	Total Transfers/Costs
FY 2027 SNF VBP changes	The overall economic impact of the SNF VBP Program is an estimated reduction of $166.86 million in aggregate payments to SNFs during FY 2027.
FY 2028 SNF VBP changes	The overall economic impact of the SNF VBP Program is an estimated reduction of $170.98 million in aggregate payments to SNFs during FY 2028.
FY 2024 Enforcement Provisions forLTC Facilities Requirements Changes	The overall impact of this regulatory change is an estimated administrative cost savings of $2,299,716 to LTC facilities and $772,044 to the Federal Government during FY 2024.

Proposed SNF PPS Rate Setting Methodology and FY 2024 Update (Page 14)

CMS proposes a FY 2024 SNF market basket percentage increase of 2.7 percent based on IHS Global Inc.'s (IGI's) fourth quarter 2022 forecast of the 2018-based SNF market basket (before application of the forecast error adjustment and productivity adjustment).

Section 1888(e)(5)(B)(ii) of the Act requires CMS to reduce the market basket percentage increase by the productivity adjustment (the 10-year moving average of changes in annual economy-wide private nonfarm business total factor productivity (TFP) for the period ending September 30, 2024) which is estimated to be 0.2 percentage point.

SNFs that fail to submit data, as applicable, for a fiscal year will receive a 2.0 percentage point reduction to their market basket update and TPF for the fiscal year involved.

Forecast Error Adjustment (Page 17)

For FY 2022 (the most recently available FY for which there is final data), the forecasted or estimated increase in the SNF market basket was 2.7 percent, and the actual increase for FY 2022 is 6.3 percent, resulting in the actual increase being 3.6 percentage points higher than the estimated increase.

The FY 2024 market basket percentage increase of 2.7 percent would be adjusted upward to account for the forecast error adjustment of 3.6 percentage points, resulting in a SNF market basket percentage increase of 6.3 percent, which is then reduced by the productivity adjustment of 0.2 percentage point.

Therefore, the resulting proposed productivity adjusted FY 2024 SNF market basket update is equal to **6.1 percent**, which reflects a market basket percentage increase of 2.7 percent, plus the 3.6 percentage points forecast error adjustment, and less the 0.2 percentage point to account for the productivity adjustment.

Comment

Again, the SNF forecast error adjustment shows just how important this factor is. When will CMS adopt such for all other PPS programs?

Proposed Unadjusted Federal Per Diem Rates for FY 2022 (Page 21)

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Under the PDPM, the unadjusted federal per diem rates are divided into six components, five of which are case-mix adjusted components (Physical Therapy (PT), Occupational Therapy (OT), Speech-Language Pathology (SLP), Nursing, and Non-Therapy Ancillaries (NTA)), and one of which is a non-case-mix component.

The following tables reflect the proposed updated unadjusted federal rates for FY 2024, prior to the adjustment for case-mix.

Proposed FY 2024 Unadjusted Federal Rate Per Diem—Urban

Rate Component	PT	OT	SLP	Nursing	NTA	Non-Case-Mix
Per Diem Amount	$70.08	$65.23	$26.16	$122.15	$92.16	$109.39

Proposed FY 2024 Unadjusted Federal Rate Per Diem—Rural

Rate Component	PT	OT	SLP	Nursing	NTA	Non-Case-Mix
Per Diem Amount	$79.88	$73.36	$32.96	$116.71	$88.05	$111.41

Case-Mix Adjustment

CMS lists the proposed case-mix adjusted PDPM payment rates for FY 2024, provided separately for urban and rural SNFs, as shown in the tables below. Further, the tables do not reflect adjustments which may be made to the SNF PPS rates as a result of the SNF Value-Based Program, or other adjustments, such as the variable per diem adjustment, and area wage index.

In the FY 2023 SNF PPS final rule, CMS finalized a proposal to recalibrate the PDPM parity adjustment over 2 years starting in FY 2023, which means that, for each of the PDPM case-mix adjusted components, CMS lowered the PDPM parity adjustment factor from 46 percent to 42 percent in FY 2023 and CMS would further lower the PDPM parity adjustment factor from 42 percent to 38 percent in FY 2024. Following this methodology, the tables below incorporate the second phase of the PDPM parity adjustment recalibration.

PDPM Case-Mix Adjusted Federal Rates and Associated Indexes—URBAN
(Including the Proposed Parity Adjustment Recalibration)

PDPM Group	PT CMI	PT Rate	OT CMI	OT Rate	SLP CMI	SLP Rate	Nursing CMG	Nursing CMI	Nursing Rate	NTA CMI	NTA Rate
A	1.45	$101.62	1.41	$91.97	0.64	$16.74	ES3	3.84	$469.06	3.06	$282.01
B	1.61	$112.83	1.54	$100.45	1.72	$45.00	ES2	2.90	$354.24	2.39	$220.26
C	1.78	$124.74	1.60	$104.37	2.52	$65.92	ES1	2.77	$338.36	1.74	$160.36
D	1.81	$126.84	1.45	$94.58	1.38	$36.10	HDE2	2.27	$277.28	1.26	$116.12
E	1.34	$93.91	1.33	$86.76	2.21	$57.81	HDE1	1.88	$229.64	0.91	$83.87
F	1.52	$106.52	1.51	$98.50	2.82	$73.77	HBC2	2.12	$258.96	0.68	$62.67
G	1.58	$110.73	1.55	$101.11	1.93	$50.49	HBC1	1.76	$214.98	-	-

PDPM Group	PT CMI	PT Rate	OT CMI	OT Rate	SLP CMI	SLP Rate	Nursing CMG	Nursing CMI	Nursing Rate	NTA CMI	NTA Rate
H	1.10	$77.09	1.09	$71.10	2.7	$70.63	LDE2	1.97	$240.64	-	-
I	1.07	$74.99	1.12	$73.06	3.34	$87.37	LDE1	1.64	$200.33	-	-
J	1.34	$93.91	1.37	$89.37	2.83	$74.03	LBC2	1.63	$199.10	-	-
K	1.44	$100.92	1.46	$95.24	3.5	$91.56	LBC1	1.35	$164.90	-	-
L	1.03	$72.18	1.05	$68.49	3.98	$104.12	CDE2	1.77	$216.21	-	-
M	1.20	$84.10	1.23	$80.23	-	-	CDE1	1.53	$186.89	-	-
N	1.40	$98.11	1.42	$92.63	-	-	CBC2	1.47	$179.56	-	-
O	1.47	$103.02	1.47	$95.89	-	-	CA2	1.03	$125.81	-	-
P	1.02	$71.48	1.03	$67.19	-	-	CBC1	1.27	$155.13	-	-
Q	-	-	-	-	-	-	CA1	0.89	$108.71	-	-
R	-	-	-	-	-	-	BAB2	0.98	$119.71	-	-
S	-	-	-	-	-	-	BAB1	0.94	$114.82	-	-
T	-	-	-	-	-	-	PDE2	1.48	$180.78	-	-
U	-	-	-	-	-	-	PDE1	1.39	$169.79	-	-
V	-	-	-	-	-	-	PBC2	1.15	$140.47	-	-
W	-	-	-	-	-	-	PA2	0.67	$81.84	-	-
X	-	-	-	-	-	-	PBC1	1.07	$130.70	-	-
Y	-	-	-	-	-	-	PA1	0.62	$75.73	-	-

PDPM Case-Mix Adjusted Federal Rates and Associated Indexes—RURAL
(Including the Proposed Parity Adjustment Recalibration)

PDPM Group	PT CMI	PT Rate	OT CMI	OT Rate	SLP CMI	SLP Rate	Nursing CMG	Nursing CMI	Nursing Rate	NTA CMI	NTA Rate
A	1.45	$115.83	1.41	$103.44	0.64	$21.09	ES3	3.84	$448.17	3.06	$269.43
B	1.61	$128.61	1.54	$112.97	1.72	$56.69	ES2	2.90	$338.46	2.39	$210.44
C	1.78	$142.19	1.60	$117.38	2.52	$83.06	ES1	2.77	$323.29	1.74	$153.21
D	1.81	$144.58	1.45	$106.37	1.38	$45.48	HDE2	2.27	$264.93	1.26	$110.94
E	1.34	$107.04	1.33	$97.57	2.21	$72.84	HDE1	1.88	$219.41	0.91	$80.13
F	1.52	$121.42	1.51	$110.77	2.82	$92.95	HBC2	2.12	$247.43	0.68	$59.87
G	1.58	$126.21	1.55	$113.71	1.93	$63.61	HBC1	1.76	$205.41	-	-
H	1.10	$87.87	1.09	$79.96	2.7	$88.99	LDE2	1.97	$229.92	-	-
I	1.07	$85.47	1.12	$82.16	3.34	$110.09	LDE1	1.64	$191.40	-	-
J	1.34	$107.04	1.37	$100.50	2.83	$93.28	LBC2	1.63	$190.24	-	-
K	1.44	$115.03	1.46	$107.11	3.5	$115.36	LBC1	1.35	$157.56	-	-
L	1.03	$82.28	1.05	$77.03	3.98	$131.18	CDE2	1.77	$206.58	-	-
M	1.20	$95.86	1.23	$90.23	-	-	CDE1	1.53	$178.57	-	-
N	1.40	$111.83	1.42	$104.17	-	-	CBC2	1.47	$171.56	-	-
O	1.47	$117.42	1.47	$107.84	-	-	CA2	1.03	$120.21	-	-
P	1.02	$81.48	1.03	$75.56	-	-	CBC1	1.27	$148.22	-	-
Q	-	-	-	-	-	-	CA1	0.89	$103.87	-	-
R	-	-	-	-	-	-	BAB2	0.98	$114.38	-	-
S	-	-	-	-	-	-	BAB1	0.94	$109.71	-	-
T	-	-	-	-	-	-	PDE2	1.48	$172.73	-	-
U	-	-	-	-	-	-	PDE1	1.39	$162.23	-	-

PDPM Group	PT CMI	PT Rate	OT CMI	OT Rate	SLP CMI	SLP Rate	Nursing CMG	Nursing CMI	Nursing Rate	NTA CMI	NTA Rate
V	-	-	-	-	-	-	PBC2	1.15	$134.22	-	-
W	-	-	-	-	-	-	PA2	0.67	$78.20	-	-
X	-	-	-	-	-	-	PBC1	1.07	$124.88	-	-
Y	-	-	-	-	-	-	PA1	0.62	$72.36	-	-

Wage Index Adjustments (Page 27)

CMS will continue, in the absence of SNF-specific wage data, to use the hospital inpatient wage index data.

The wage index tables for this proposed rule can be accessed on the SNF PPS Wage Index home page, at: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/WageIndex.html.

Labor Share (Page 33)

The proposed FY 2024 SNF labor share would be **71.0.** The current amount is 70.8 percent.

Other SNF PPS Issues (Page 43)

Technical Updates to PDMP ICD-10 Mappings (Page 43)

The PDPM utilizes the International Classification of Diseases, 10th Revision, Clinical Modification (ICD-10) codes in several ways, including using the person's primary diagnosis to assign patients to clinical categories. In response to stakeholder feedback and to improve consistency between the ICD-10 code mappings and current ICD-10 coding guidelines, CMS is proposing several changes to the PDPM ICD-10 code mappings. The proposed changes to the ICD-10 code mappings and lists used under PDPM are available on the PDPM website at https://www.cms.gov/Medicare/MedicareFee-for-Service-Payment/SNFPPS/PDPM.

Skilled Nursing Facility Quality Reporting Program (SNF QRP) Update (Page 51)

Quality Measures Currently Adopted for the FY 2024 SNF QRP

The SNF QRP currently has 15 measures for the FY 2024 SNF QRP, which are detailed in the table below.

Quality Measures Currently Adopted for the FY 2024 SNF QRP

Short	Measure Name & Data Source
Resident Assessment Instrument Minimum Data Set (Assessment-Based)	
Pressure Ulcer/Injury	Changes in Skin Integrity Post-Acute Care: Pressure Ulcer/Injury.
Application of Falls	Application of Percent of Residents Experiencing One or More Falls with Major Injury (Long Stay).
Application of Functional Assessment/Care Plan	Application of Percent of Long-Term Care Hospital (LTCH) Patients with an Admission and Discharge Functional Assessment and a Care Plan That Addresses Function.
Change in Mobility Score	Application of IRF Functional Outcome Measure: Change in Mobility Score for Medical Rehabilitation Patients.

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Short	Measure Name & Data Source
Discharge Mobility Score	Application of IRF Functional Outcome Measure: Discharge Mobility Score for Medical Rehabilitation Patients.
Change in Self-Care Score	Application of the IRF Functional Outcome Measure: Change in Self-Care Score for Medical Rehabilitation Patients.
Discharge Self-Care Score	Application of IRF Functional Outcome Measure: Discharge Self-Care Score for Medical Rehabilitation Patients.
DRR	Drug Regimen Review Conducted With Follow-Up for Identified Issues–Post Acute Care (PAC) Skilled Nursing Facility (SNF) Quality Reporting Program (QRP).
TOH-Provider	Transfer of Health (TOH) Information to the Provider Post-Acute Care (PAC).
TOH-Patient	Transfer of Health (TOH) Information to the Patient Post-Acute Care (PAC).
Claims-Based	
MSPB SNF	Medicare Spending Per Beneficiary (MSPB)–Post Acute Care (PAC) Skilled Nursing Facility (SNF) Quality Reporting Program (QRP).
DTC	Discharge to Community (DTC)–Post Acute Care (PAC) Skilled Nursing Facility (SNF) Quality Reporting Program (QRP).
PPR	Potentially Preventable 30-Day Post-Discharge Readmission Measure for Skilled Nursing Facility (SNF) Quality Reporting Program (QRP).
SNF HAI	SNF Healthcare-Associated Infections (HAI) Requiring Hospitalization
NHSN	
HCP COVID-19 Vaccine	COVID-19 Vaccination Coverage among Healthcare Personnel (HCP)
HCP Influenza Vaccine	Influenza Vaccination Coverage among Healthcare Personnel (HCP)

SNF QRP Quality Measure Proposals Beginning with the FY 2025 SNF QRP (Page 54)

Beginning with the FY 2025 SNF QRP, CMS proposes to modify the HCP COVID-19 Vaccine measure to replace the term "complete vaccination course" with the term "up to date" in the HCP vaccination definition. CMS also proposes to update the numerator to specify the time frames within which an HCP is considered up to date with recommended COVID-19 vaccines, including booster doses.

This measure tracks the percentage of healthcare personnel (HCP) working in SNFs who are considered up to date with recommended COVID-19 vaccination in accordance with the CDC's most recent guidance. The prior version of this measure reported only on whether HCP had received the primary vaccination series for COVID-19, while the proposed modification would require SNFs to report the cumulative number of HCP who are up to date with recommended COVID-19 vaccinations in accordance with the CDC's most recent guidance.

Proposed Adoption of the Discharge Function Score Measure Beginning with the FY 2025 SNF QRP (Page 66)

CMS is proposing the adoption of the Discharge Function Score (DC Function) measure beginning with the FY 2025 SNF QRP. This measure assesses functional status by assessing the percentage of SNF residents who meet or exceed an expected discharge function score, and uses mobility and self-care items already collected on the Minimum Data Set (MDS). This measure would replace the topped-out process measure – the Application of Percent of Long-Term Care Hospital Patients with an Admission and Discharge Functional Assessment/a Care Plan That Addresses Function (Application of Functional Assessment/Care Plan) measure.

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Proposed Removal of the Application of Percent of Long-Term Care Hospital Patients with an Admission and Discharge Functional Assessment and a Care Plan that Addresses Function Beginning with the FY 2025 SNF QRP (Page 82)

CMS is proposing to remove the Application of Percent of Long-Term Care Hospital (LTCH) Patients with an Admission and Discharge Functional Assessment and a Care Plan that Addresses Function (Application of Functional Assessment/Care Plan) measure beginning with the FY 2025 SNF QRP. CMS is proposing this measure removal for two reasons. First, the Application of Functional Assessment/Care Plan measure meets the conditions for measure removal factor one: measure performance among SNFs is so high and unvarying that meaningful distinctions in improvements in performance can no longer be made. Second, this measure meets the conditions for measure removal factor six: there is an available measure (the proposed DC Function measure, discussed above) that is more strongly associated with desired resident functional outcomes.

Proposed Removal of the Application of IRF Functional Outcome Measure: Change in Self-Care Score for Medical Rehabilitation Patients and Removal of the Application of IRF Functional Outcome Measure: Change in Mobility Score for Medical Rehabilitation Patients Beginning with the FY 2025 SNF QRP*.* (Page 84)

CMS is proposing to remove the Application of the IRF Functional Outcome Measures: Change in Self-Care Score for Medical Rehabilitation Patients (Change in Self-Care Score) measure; and the Change in Mobility Score for Medical Rehabilitation Patients (Change in Mobility Score) measure beginning with the FY 2025 SNF QRP. CMS proposes to remove these two measures because these measures meet the condition for measure removal factor eight: the costs associated with a measure outweigh the benefits of its use in the program. Additionally, these measures are similar or duplicative of other measures within the SNF QRP.

Proposed Adoption of the CoreQ: Short Stay Discharge Measure Beginning with the FY 2026 SNF QRP (Page 88)

CMS is proposing the adoption of the CoreQ: Short Stay Discharge (CoreQ: SS DC) measure beginning with the FY 2026 SNF QRP. This measure calculates the percentage of individuals discharged from an SNF, within 100 days of admission, who are satisfied with their SNF stay. The questionnaire that would be administered under the CoreQ: SS DC measure asks individuals to rate their overall satisfaction with their care using a 5-point Likert scale. The areas of care include: staff, the care received, recommending the facility to friends and family, and how well their discharge needs were met.

Proposed Adoption of the COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date Measure Beginning with the FY 2026 SNF QRP (Page 100)

CMS is proposing the adoption of the COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date (Patient/Resident COVID-19 Vaccine) measure beginning with the FY 2026 SNF QRP. This measure reports the percentage of stays in which residents in an SNF are up to date with recommended COVID-19 vaccinations in accordance with the Centers for Disease Control and Prevention's (CDC's) most recent guidance. Data would be collected using a new standardized item on the minimum data set (MDS).

Comment

CMS spends more than 60 pages describing the measure changes identified above. There is much detail that is not explained in this analysis.

CMS is addressing several other issues regarding the QRP as noted below;

Principles for Selecting and Prioritizing SNF QRP Quality Measures and Concepts under

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Consideration for Future Years – Request for Information (RFI) (Page 113)

Health Equity Update (Page 122)

Form, Manner, and Timing of Data Submission under the SNF QRP (Page 126)

Proposed Policies Regarding Public Display of Measure Data for the SNF QRP (Page 137)

Skilled Nursing Facility Value-Based Purchasing (SNF VBP) Program (Page 140)

CMS is proposing the adoption of four new quality measures, the replacement of one quality measure, and several policy changes in the SNF VBP Program. The quality measure revisions include the following;

Proposal to Refine the Skilled Nursing Facility Potentially Preventable Readmission (SNFPPR) Measure Specifications and Update the Measure Name (Page 141)

CMS is proposing to refine the SNFPPR measure specifications as follows: (1) to change the outcome observation window from a fixed 30-day window following acute care hospital discharge to within the SNF stay; and (2) to change the length of time allowed between a qualifying prior proximal inpatient discharge (that is, the inpatient discharge that occurs prior to admission to the index SNF stay) and SNF admission from one day to 30 days. To align with those measure refinements, CMS is also proposing to update the measure name to the "Skilled Nursing Facility Within-Stay Potentially Preventable Readmission (SNF WS PPR) Measure."

The SNF WS PPR measure is intended to estimate the risk-standardized rate of unplanned, potentially preventable readmissions (PPR) that occur during SNF stays among Medicare FFS beneficiaries.

Proposal to Replace the SNFRM with the SNF WS PPR Measure Beginning with the FY 2028 SNF VBP Program Year (Page 149)

CMS is proposing the replacement of the Skilled Nursing Facility 30-Day All-Cause Readmission Measure (SNFRM) with the Skilled Nursing Facility Within Stay Potentially Preventable Readmissions (SNF WS PPR) measure beginning with the FY 2028 program year and FY 2025 performance year.

Proposal to Adopt the Total Nursing Staff Turnover Measure Beginning with the FY 2026 SNF VBP Program Year (Page 152)

CMS is proposing the adoption of the **Nursing Staff Turnover Measure** for the SNF VBP program beginning with the FY 2026 program year and FY 2024 performance year. This is a structural measure that has been collected and publicly reported on Care Compare and assesses the stability of the staffing within an SNF using nursing staff turnover. Facilities would begin reporting for this measure in FY 2024, with payment effects beginning in FY 2026.

Proposal to Adopt the Percent of Residents Experiencing One or More Falls with Major Injury (Long-Stay) Measure Beginning with the FY 2027 SNF VBP Program Year (Page 160)

CMS is proposing the adoption of the **Percent of Residents Experiencing One or More Falls with Major Injury (Long Stay)** beginning with the FY 2027 program year and FY 2025 performance year. This measure assesses the falls with major injury rates of long-stay residents.

Questions? Contact Andrew Wheeler, MHA's Vice President of Federal Finance, at 573-893-3700 | ext. 1336 or awheeler@mhanet.com.

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Proposal to Adopt the Discharge Function Score Measure Beginning with the FY 2027 SNF VBP Program Year (Page 170)

CMS is proposing the adoption of the **Discharge Function Score measure** beginning with the FY 2027 program year and FY 2025 performance year. This measure is also being proposed for the SNF QRP and assesses functional status by assessing the percentage of SNF residents who meet or exceed an expected discharge function score, and use mobility and self-care items already collected on the MDS.

Proposal to Adopt the Number of Hospitalizations per 1,000 Long-Stay Resident Days Measure Beginning with the FY 2027 SNF VBP Program Year (Page 175)

CMS is proposing the adoption of the **Long Stay Hospitalization Measure per 1000 residents** beginning with the FY 2027 program year and FY 2025 performance year. This measure assesses the hospitalization rate of long-stay residents.

SNF VBP Performance Periods and Baseline Proposals

SNFRM Performance and Baseline Periods for the FY 2024 SNF VBP Program Year (Page 185)

For the FY 2024 program year, the baseline period for the SNFRM is FY 2019 and the performance period for the SNFRM is FY 2022.

Proposed Performance Periods and Baseline Periods for the Nursing Staff Turnover, Falls with Major Injury (Long-Stay), DC Function, and Long Stay Hospitalization Measures (Page 185)

CMS is proposing to adopt the following performance periods:

- FY 2024 (October 1, 2023 through September 30, 2024) as the performance period for the Nursing Staff Turnover measure for the FY 2026 SNF VBP program year.
- FY 2025 (October 1, 2024, through September 30, 2025) as the performance period for the Falls with Major Injury (Long-Stay) measure for the FY 2027 SNF VBP program year.
- FY 2025 (October 1, 2024 through September 30, 2025) as the performance period for the DC Function measure for the FY 2027 SNF VBP program year.
- FY 2025 (October 1, 2024 through September 30, 2025) as the performance period for the Long Stay Hospitalization measure for the FY 2027 SNF VBP program year.

SNF VBP Performance Standards

Estimated Performance Standards for the FY 2026 Program Year (Page 191)

Estimated FY 2026 SNF VBP Program Performance Standards

Measure Short Name	Achievement Threshold	Benchmark
SNFRM	0.78526	0.82818
SNF HAI Measure	0.91468	0.94766
Total Nurse Staffing Measure	3.33289	5.98339
Nursing Staff Turnover Measure	0.37500	0.72925

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Estimated Performance Standards for the DTC PAC SNF Measure for the FY 2027 Program Year (Page 192)

Measure Short Name	Achievement Threshold	Benchmark
DTC PAC SNF Measure	0.44087	0.68956

SNF VBP Performance Scoring Methodology (Page 193)

For the Nursing Staff Turnover measure, CMS is proposing that SNFs must have a minimum of 1 eligible stay during the 1-year performance period and at least 5 eligible nursing staff (RNs, LPNs, and nurse aides) during the 3 quarters of PBJ data included in the measure denominator. (Page 194)

For the Falls with Major Injury (Long-Stay) measure, CMS is proposing that SNFs must have a minimum of 20 residents in the measure denominator during the 1-year performance period to be eligible to receive a score on the measure for the applicable fiscal program year. (Page 195)

For the Long Stay Hospitalization measure, CMS is proposing that SNFs must have a minimum of 20 eligible stays during the 1-year performance period to be eligible to receive a score on the measures for the applicable fiscal program year. (Page 196)

For the DC Function measure, CMS is proposing that SNFs must have a minimum of 20 eligible stays during the 1-year performance period in order to be eligible to receive a score on the measure for the applicable fiscal program year. (Page 196)

For the SNF WS PPR measure, CMS is proposing that SNFs must have a minimum of 25 eligible stays during the 2-year performance period in order to be eligible to receive a score on the measure for the applicable fiscal program year. (Page 197)

Proposal to Incorporate Health Equity into the SNF VBP Program Scoring Methodology Beginning with the FY 2027 Program Year (Page 202)

To prioritize the achievement of health equity and the reduction of disparities in health outcomes in SNFs, CMS is proposing the adoption of a Health Equity Adjustment in the SNF VBP Program that rewards SNF that perform well and whose resident population during the applicable performance period includes at least 20 percent of residents with dual eligibility status. This adjustment would begin with the FY 2027 program year and FY 2025 performance year. CMS is adjusting the scoring methodology to provide bonus points to high-performing facilities that provide care to a higher proportion of duals.

Proposal to Increase the Payback Percentage to Support the Health Equity Adjustment (Page 222)

CMS is proposing to increase the payback percentage policy under the SNF VBP program from the current 60 percent to a level such that the bonuses provided to the high performing, high duals SNFs do not come at the expense of the other SNFs. The estimates for FY 2027 program year is 66 percent.

Proposed Civil Money Penalties: Waiver of Hearing, Automatic Reduction of Penalty Amount (Page 251)

Section 488.436 provides a facility the option to waive its right to a hearing in writing and receive a 35 percent reduction in the amount of civil money penalties (CMPs) owed in lieu of contesting the enforcement action.

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CMS says that nearly 95 percent of facilities facing CMPs are following this process, by which they then receive a 35 percent penalty reduction. CMS would create, in its place, a system in which a failure to submit a timely request for a hearing would be treated as a constructive waiver. The accompanying 35 percent penalty reduction would remain. This proposed revision would reduce burden on not only the facilities, but on the states and CMS as well as they would no longer have to track and manage the written waiver requests.

Comments

CMS is proposing to collect a COVID-19 Vaccination Coverage measure that would assess whether SNF residents were up to date on their COVID-19 vaccine. Will such a measure really measure quality. We still have many individuals for whatever reasons refuse to get vaccinated. Further, it would not be effective until FY 2025.

Similarly, CMS is proposing to adopt a CoreQ: Short Stay Discharge Measure that would calculate the percentage of individual who are satisfied with their SNF stay. Unless a majority patients respond, the measure may not be meaningful. Further, many individuals only respond to poor criteria. So, the question remains would this measure truly improve quality.

Final Thoughts

There are many facets and details in this final rule that are not identified in the above material. Most of these items are in the SNF quality reporting section and the value-based purchasing provisions. Such items include examples, timing and formats for reporting the required information.

These sections at 200 pages account for two thirds of the entire proposed rule.

Again, actual payment changes are basically easy to understand. Its quality and so-called value-based purchasing that are extensive and complicated.

Numerous footnotes abound in the quality material and simply allude to the complexity of capturing meaningful outcomes.

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