

Issue Brief

FEDERAL ISSUE BRIEF



Analysis provided for MHA by Larry Goldberg, Goldberg Consulting

August 2, 2023

Final FY 2024 Skilled Nursing Facility PPS Update Issued

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

The 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 rule also updates the diagnosis code mappings used under the PDPM.

Beginning with the FY 2025 SNF Quality Reporting Program (QRP), CMS is modifying the COVID-19 Vaccination Coverage among Healthcare Personnel measure, adopting the Discharge Function Score measure, and removing the (1) 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.

This final rule also contains updates pertaining to the public reporting of the (1) Transfer of Health Information to the Patient-Post-Acute Care (PAC) 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 finalizing several updates for the SNF VBP Program. CMS is adopting 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 adopting a variable payback percentage to maintain an estimated payback percentage for all SNFs of no less than 60%. CMS is adopting 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.

The 451-page document is scheduled for publication in the ***Federal Register*** on August 8. A copy is currently available at: <https://public-inspection.federalregister.gov/2023-16249.pdf>

Comments

While CMS has provided a table of contents. The table only identifies major headings. Therefore, we are adding page numbers from the display version of the rule.

CMS estimates that the aggregate impact will be an increase of approximately \$1.4 billion (4.0%) in Part A payments to SNFs in FY 2024. This reflects a \$2.2 billion (6.4%) increase from the update to the payment rates and a \$789 million (2.3%) decrease as a result of the second phase of the parity adjustment recalibration. CMS says “these impact numbers do not incorporate the SNF VBP Program reductions that CMS estimates would total \$184.85 million in FY 2024. (Page 415)

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

Provision Description	Total Transfers/Costs
FY 2024 SNF PPS payment rate update	The overall economic impact of this final rule is an estimated increase of \$1.4 billion in aggregate payments to SNFs during FY 2024.
FY 2025 SNF QRP changes	The overall economic impact of this final 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 final rule to SNFs is an estimated increase in aggregate cost from FY 2025 of \$778,591.
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.
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 for LTC 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.

SNF PPS RATE SETTING METHODOLOGY AND FY 2024 UPDATE (Page 17)

SNF Market Basket Update (Page 18)

Based on IGI’s second quarter 2023 forecast with historical data through the first quarter of 2023, the FY 2024 growth rate of the 2018-based SNF market basket is estimated to be 3.0%.

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) is estimated to be 0.2 percentage points.

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 20)

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%, and the actual increase for FY 2022 is 6.3%, resulting in the actual increase being 3.6 percentage points higher than the estimated increase.

The FY 2024 market basket percentage increase of 3.0% is adjusted upward to account for the forecast error adjustment of 3.6 percentage points, resulting in a SNF market basket percentage increase of 6.6%, which is then reduced by the productivity adjustment of 0.2 percentage point. This results in a SNF market basket update for FY 2024 of **6.4%**.

Comment

The SNF forecast error adjustment shows just how important adjustment factors are. When will CMS adopt such error correction mechanisms for all other PPS programs?

Unadjusted Federal Per Diem Rates for FY 2024 (Page 31)

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 updated unadjusted federal rates for FY 2024, prior to the adjustment for case-mix.

FY 2024 Unadjusted Federal Rate Per Diem—Urban

Rate Component	PT	OT	SLP	Nursing	NTA	Non-Case-Mix
Per Diem Amount	\$70.27	\$65.41	\$26.23	\$122.48	\$92.41	\$109.69

FY 2024 Unadjusted Federal Rate Per Diem—Rural

Rate Component	PT	OT	SLP	Nursing	NTA	Non-Case-Mix
Per Diem Amount	\$80.10	\$73.56	\$33.05	\$117.03	\$88.29	\$111.72

Case-Mix Adjustment

CMS lists the 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% to 42% in FY 2023 and CMS would further lower the PDPM parity adjustment factor from 42% to 38% 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 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	\$101.89	1.41	\$92.23	0.64	\$16.79	ES3	3.84	\$470.32	3.06	\$282.77
B	1.61	\$113.13	1.54	\$100.73	1.72	\$45.12	ES2	2.90	\$355.19	2.39	\$220.86
C	1.78	\$125.08	1.60	\$104.66	2.52	\$66.10	ES1	2.77	\$339.27	1.74	\$160.79
D	1.81	\$127.19	1.45	\$94.84	1.38	\$36.20	HDE2	2.27	\$278.03	1.26	\$116.44
E	1.34	\$94.16	1.33	\$87.00	2.21	\$57.97	HDE1	1.88	\$230.26	0.91	\$84.09
F	1.52	\$106.81	1.51	\$98.77	2.82	\$73.97	HBC2	2.12	\$259.66	0.68	\$62.84
G	1.58	\$111.03	1.55	\$101.39	1.93	\$50.62	HBC1	1.76	\$215.56	-	-
H	1.10	\$77.30	1.09	\$71.30	2.7	\$70.82	LDE2	1.97	\$241.29	-	-
I	1.07	\$75.19	1.12	\$73.26	3.34	\$87.61	LDE1	1.64	\$200.87	-	-
J	1.34	\$94.16	1.37	\$89.61	2.83	\$74.23	LBC2	1.63	\$199.64	-	-
K	1.44	\$101.19	1.46	\$95.50	3.5	\$91.81	LBC1	1.35	\$165.35	-	-
L	1.03	\$72.38	1.05	\$68.68	3.98	\$104.40	CDE2	1.77	\$216.79	-	-
M	1.20	\$84.32	1.23	\$80.45	-	-	CDE1	1.53	\$187.39	-	-
N	1.40	\$98.38	1.42	\$92.88	-	-	CBC2	1.47	\$180.05	-	-
O	1.47	\$103.30	1.47	\$96.15	-	-	CA2	1.03	\$126.15	-	-
P	1.02	\$71.68	1.03	\$67.37	-	-	CBC1	1.27	\$155.55	-	-
Q	-	-	-	-	-	-	CA1	0.89	\$109.01	-	-
R	-	-	-	-	-	-	BAB2	0.98	\$120.03	-	-
S	-	-	-	-	-	-	BAB1	0.94	\$115.13	-	-

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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PDPM Group	PT CMI	PT Rate	OT CMI	OT Rate	SLP CMI	SLP Rate	Nursing CMG	Nursing CMI	Nursing Rate	NTA CMI	NTA Rate
T	-	-	-	-	-	-	PDE2	1.48	\$181.27	-	-
U	-	-	-	-	-	-	PDE1	1.39	\$170.25	-	-
V	-	-	-	-	-	-	PBC2	1.15	\$140.85	-	-
W	-	-	-	-	-	-	PA2	0.67	\$82.06	-	-
X	-	-	-	-	-	-	PBC1	1.07	\$131.05	-	-
Y	-	-	-	-	-	-	PA1	0.62	\$75.94	-	-

**PDPM Case-Mix Adjusted Federal Rates and Associated Indexes—RURAL
(Including the 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	\$116.15	1.41	\$103.72	0.64	\$21.15	ES3	3.84	\$449.40	3.06	\$270.17
B	1.61	\$128.96	1.54	\$113.28	1.72	\$56.85	ES2	2.90	\$339.39	2.39	\$211.01
C	1.78	\$142.58	1.60	\$117.70	2.52	\$83.29	ES1	2.77	\$324.17	1.74	\$153.62
D	1.81	\$144.98	1.45	\$106.66	1.38	\$45.61	HDE2	2.27	\$265.66	1.26	\$111.25
E	1.34	\$107.33	1.33	\$97.83	2.21	\$73.04	HDE1	1.88	\$220.02	0.91	\$80.34
F	1.52	\$121.75	1.51	\$111.08	2.82	\$93.20	HBC2	2.12	\$248.10	0.68	\$60.04
G	1.58	\$126.56	1.55	\$114.02	1.93	\$63.79	HBC1	1.76	\$205.97	-	-
H	1.10	\$88.11	1.09	\$80.18	2.7	\$89.24	LDE2	1.97	\$230.55	-	-
I	1.07	\$85.71	1.12	\$82.39	3.34	\$110.39	LDE1	1.64	\$191.93	-	-
J	1.34	\$107.33	1.37	\$100.78	2.83	\$93.53	LBC2	1.63	\$190.76	-	-
K	1.44	\$115.34	1.46	\$107.40	3.5	\$115.68	LBC1	1.35	\$157.99	-	-
L	1.03	\$82.50	1.05	\$77.24	3.98	\$131.54	CDE2	1.77	\$207.14	-	-
M	1.20	\$96.12	1.23	\$90.48	-	-	CDE1	1.53	\$179.06	-	-
N	1.40	\$112.14	1.42	\$104.46	-	-	CBC2	1.47	\$172.03	-	-
O	1.47	\$117.75	1.47	\$108.13	-	-	CA2	1.03	\$120.54	-	-
P	1.02	\$81.70	1.03	\$75.77	-	-	CBC1	1.27	\$148.63	-	-
Q	-	-	-	-	-	-	CA1	0.89	\$104.16	-	-
R	-	-	-	-	-	-	BAB2	0.98	\$114.69	-	-
S	-	-	-	-	-	-	BAB1	0.94	\$110.01	-	-

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PDPM Group	PT CMI	PT Rate	OT CMI	OT Rate	SLP CMI	SLP Rate	Nursing CMG	Nursing CMI	Nursing Rate	NTA CMI	NTA Rate
T	-	-	-	-	-	-	PDE2	1.48	\$173.20	-	-
U	-	-	-	-	-	-	PDE1	1.39	\$162.67	-	-
V	-	-	-	-	-	-	PBC2	1.15	\$134.58	-	-
W	-	-	-	-	-	-	PA2	0.67	\$78.41	-	-
X	-	-	-	-	-	-	PBC1	1.07	\$125.22	-	-
Y	-	-	-	-	-	-	PA1	0.62	\$72.56	-	-

Wage Index Adjustments (Page 38)

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

The wage index applicable to FY 2024 is set forth in Tables and B at: <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/WageIndex.html>.

Labor Share (Page 43)

The FY 2024 SNF labor share will be **71.1**. The current amount is 70.8%.

ADDITIONAL ASPECTS OF THE SNF PPS (Page 49)

Consolidated Billing (Page 51)

Effective with services furnished on or after January 1, 2024, section 4121(a)(4) of the CAA, 2023 added marriage and family therapists and mental health counselors to the list of practitioners at section 1888(e)(2)(A)(ii) of the Act whose services are excluded from the consolidated billing provision.

OTHER SNF PPS ISSUES

Technical Updates to PDMP ICD-10 Mappings (Page 60)

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 finalizing several changes to the PDPM ICD-10 code mappings. 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) (Page 70)

Quality Measures Currently Adopted for the FY 2024 SNF QRP

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The SNF QRP currently has 16 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.
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)

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SNF QRP Quality Measure Updates (Page 72)

The SNF QRP is a pay-for-reporting program. SNFs that do not meet reporting requirements are subject to a 2.0 percentage-point reduction in their Annual Payment Update (APU). In the FY 2024 SNF PPS final rule, CMS is adopting two measures, removing three measures, and modifying one measure. In addition, the rule makes policy changes to the SNF QRP and begins public reporting of four measures.

SNF QRP Quality Measure Beginning with the FY 2025 SNF QRP (Page 73)

CMS is modifying the COVID-19 Vaccination Coverage among Healthcare Personnel (HCP COVID-19 Vaccine) measure beginning with the FY 2025 SNF QRP. 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 modified measure requires 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.

Discharge Function Score Measure Beginning with the FY 2025 SNF QRP (Page 105)

CMS is adopting 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 will 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, as discussed below..

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 136)

CMS is removing 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 removing this measure 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 performance improvements can no longer be made. Second, this measure meets the conditions for measure removal factor six: there is an available measure (the DC Function measure, discussed above) that is more strongly associated with desired resident functional outcomes.

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 139)

CMS is removing 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 Application of the IRF Functional Outcome Measures: Change in Mobility Score for Medical Rehabilitation Patients (Change in Mobility Score) measure beginning with the FY 2025 SNF QRP.

CMS is removing these two measures because they 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 to or duplicative of other measures within the SNF QRP.

Adoption of the CoreQ: Short Stay Discharge Measure Beginning with the FY 2026 SNF QRP (Page 146)

After consideration of the public comments received, CMS is not adopting the **CoreQ: Short Stay Discharge (CoreQ: SS DC) measure** for inclusion in the SNF QRP.

COVID-19 Vaccine: Percent of Patients/Residents Who Are Up to Date Measure Beginning with the FY 2026 SNF QRP (Page 178)

CMS is adopting 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 will be collected using a new standardized item on the MDS.

Comment

CMS spends more than 170 pages describing the measure changes identified above. There is much detail that obviously, 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 Consideration for Future Years – Request for Information (RFI) (Page 206)

Form, Manner, and Timing of Data Submission under the SNF QRP (Page 218)

Policies Regarding Public Display of Measure Data for the SNF QRP (Page 233)

SKILLED NURSING FACILITY VALUE-BASED PURCHASING (SNF VBP) PROGRAM (Page 241)

The Skilled Nursing Facility Value-Based Purchasing (SNF VBP) Program “rewards” SNFs with incentive payments based on the quality of care they provide. All SNFs paid under Medicare’s SNF PPS are included in the SNF VBP Program.

In this final rule, CMS is adopting four new quality measures, replacing one quality measure, and finalizing several policy changes in the SNF VBP Program.

Refinements to the SNFPPR Measure Specifications and Updates to the Measure Name
(Page 243)

Section 1888(g)(2) of the Act requires the Secretary to specify a resource use measure that reflects an all-condition, risk-adjusted potentially preventable hospital readmission rate for skilled nursing facilities. To meet this statutory requirement, CMS finalized the Skilled Nursing Facility Potentially Preventable Readmission (SNFPPR) measure.

Replace the SNFRM with the SNF WS PPR Measure Beginning with the FY 2028 SNF VBP Program Year (Page 255)

CMS is finalizing its proposal to replace the 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.

Table below provides the list of the currently adopted measures and proposed measures for the SNF VBP Program. (Page 257)

Currently Adopted and Newly Proposed SNF VBP Measures

Measure Name	Measure Short Name	Measure Status	First Program Year	First Performance Period*
SNF 30-Day All-Cause Readmission Measure	SNFRM	Adopted, implemented	FY 2017**	FY 2015
SNF Healthcare-Associated Infections Requiring Hospitalization Measure	SNF HAI Measure	Adopted, not implemented	FY 2026	FY 2024
Total Nurse Staffing Hours per Resident Day Measure	Total Nurse Staffing Measure	Adopted, not implemented	FY 2026	FY 2024
Total Nursing Staff Turnover Measure	Nursing Staff Turnover Measure	Proposed	FY 2026 ⁺	FY 2024
Discharge to Community – Post-Acute Care Measure for SNFs	DTC PAC SNF Measure	Adopted, not implemented	FY 2027	FY 2024 and FY 2025
Percent of Residents Experiencing One or More Falls with Major Injury (Long-Stay) Measure	Falls with Major Injury (Long-Stay) Measure	Proposed	FY 2027 ⁺	FY 2025
Discharge Function Score for SNFs Measure	DC Function Measure	Proposed	FY 2027 ⁺	FY 2025

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Measure Name	Measure Short Name	Measure Status	First Program Year	First Performance Period*
Number of Hospitalizations per 1,000 Long Stay Resident Days Measure	Long Stay Hospitalization Measure	Proposed	FY 2027 ⁺	FY 2025
SNF Within-Stay Potentially Preventable Readmissions Measure	SNF WS PPR Measure	Proposed	FY 2028 ⁺	FY 2025 and FY 2026

*For each measure, CMS has adopted a policy to automatically advance the beginning of the performance period by 1-year from the previous program year.

** Will be replaced with the SNF WS PPR measure beginning with the FY 2028 program year.

+ First program year in which the measure would be included in the Program.

Adoption of the Total Nursing Staff Turnover Measure Beginning with the FY 2026 SNF VBP Program Year (Page 258)

CMS is adopting the Nursing Staff Turnover Measure beginning with the FY 2026 program 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. This is part of the Administration’s focus to ensure adequate staffing in long-term care settings and delivers on a commitment included in the President’s Executive Order 14070, Increasing Access to High-Quality Care and Supporting Caregivers. Facilities would begin reporting for this measure in FY 2024, with payment effects beginning in FY 2026.

Adoption of 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 273)

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

Adoption of the Discharge Function Score Measure Beginning with the FY 2027 SNF VBP Program Year (Page 287)

CMS is adopting the Discharge Function Score Measure beginning with the FY 2027 program year. This measure is also being adopted 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

Adoption of the Number of Hospitalizations per 1,000 Long-Stay Resident Days Measure Beginning with the FY 2027 SNF VBP Program Year (Page 296)

CMS is adopting the Long Stay Hospitalization Measure per 1,000 Resident Days beginning with the FY 2027 program year. This measure assesses the hospitalization rate of long-stay residents.

Scoring of SNF Performance on the Nursing Staff Turnover, Falls with Major Injury (Long-Stay), and Long Stay Hospitalization Measures (Page 305)

CMS will calculate the score for these measures for the SNF VBP Program by inverting the measure rates using the calculations shown in the table, below. CMS did not propose to apply this policy to the DC Function measure because that measure, as currently specified and calculated, produces a “higher is better” measure rate.

Measure	Inversion Calculation Formula
Nursing Staff Turnover measure	Nursing Staff Turnover Inverted Rate = 1 - Nursing Staff Turnover Rate
Falls with Major Injury (Long-Stay) measure	Falls with Major Injury (Long Stay) Inverted Rate = 1 - <i>(Facility's Falls with Major Injury (Long Stay)Rate)</i> 100
Long Stay Hospitalization measure	Long Stay Hospitalization Inverted Rate = 1 - <i>(Long Stay Hospitalization Risk Standardize Rate)</i> 1,000

SNFRM Performance and Baseline Periods for the FY 2024 SNF VBP Program Year (Page 309)

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 312)

CMS is adopting 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 (Page 316)

Estimated Performance Standards for the FY 2026 Program Year (Page 317)

Final FY 2026 SNF VBP Program Performance Standards

Measure Short Name	Achievement Threshold	Benchmark
SNFRM	0.78800	0.82971
SNF HAI Measure	0.92315	0.95004
Total Nurse Staffing Measure	3.18523	5.70680
Nursing Staff Turnover Measure	0.35912	0.72343

Performance Standards for the DTC PAC SNF Measure for the FY 2027 Program Year (Page 317)

Measure Short Name	Achievement Threshold	Benchmark
DTC PAC SNF Measure	0.424087	0.66370

SNF VBP Performance Scoring Methodology (Page 317)

For the Nursing Staff Turnover measure, CMS will require 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 payroll-based journal (PBJ) data included in the measure denominator. SNFs must meet both of these requirements in order to be eligible to receive a score on the measure for the applicable program year. (Page 319)

For the Falls with Major Injury (Long-Stay) measure, CMS is adopting, as proposed, 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 320)

For the Falls with Major Injury (Long-Stay) measure, CMS is adopting its proposal 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 320)

For the Long Stay Hospitalization measure, CMS is adopting 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 320)

For the DC Function measure, CMS is requiring 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 320)

For the SNF WS PPR measure, CMS is mandating 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 321)

Comment

The material above is highly technical and detailed. The rule explains the measure, its construct and related requirements. Also, included are the comments received and CMS' responses. The information extends some 90 pages.

Incorporating Health Equity into the SNF VBP Program Scoring Methodology Beginning with the FY 2027 Program Year (Page 330)

The Health Equity Adjustment (HEA) will be calculated using a methodology that considers both the SNF's performance on the SNF VBP Program measures, and the proportion of residents with dual eligibility status (DES) out of the total resident population in a given program year at each SNF.

This adjustment is intended to reward SNFs that perform well and whose resident population during the applicable performance period include at least 20% of residents with DES. This adjustment will begin with the FY 2027 program year. CMS is adjusting the scoring methodology to provide bonus points to high-performing facilities that provide care to a higher proportion of duals. "This approach of rewarding excellent care for underserved populations is consistent with other approaches in other quality and value-based programs, including the Medicare Shared Savings Program, Medicare Advantage and Part D Star Ratings, and the policy changes in the Hospital VBP program."

CIVIL MONEY PENALTIES: WAIVER OF HEARING, AUTOMATIC REDUCTION OF PENALTY AMOUNT (Page 395)

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

CMS says that nearly 95% of facilities facing CMPs are following this process, by which they then receive a 35% 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% penalty reduction would remain.

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, numerator factors, denominator factors, timing and formats for reporting the required information.

The rule's payment provisions beginning with section IV on page 24 and continuing to page 70 totals 46 pages.

The rule's quality material starting on page 70 and extending to page 394 totals 324 pages.

In other words, the quality issues are 7 times the payment provisions. With all the measures, calculations and performance standards, the issue of achieving quality is not only complex but seems distorted.

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

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