

FY 2016 Medicare Skilled Nursing Facilities Final Rule

OVERVIEW

On July 30th, the Centers for Medicare and Medicaid Services (CMS) issued a final rule to update the Fiscal Year (FY) 2016 Medicare payment rates under the prospective payment system (PPS) for skilled nursing facilities (SNFs).

This document summarizes several major provisions of the final rule. The final rule is available [here](#).

PAYMENT POLICY PROVISIONS

In its proposed rule, CMS projected that the aggregate payments to SNFs would increase by 1.4 percent, or \$500 million, from 2015.

In the final rule, CMS estimates that the aggregate payments to SNFs will increase by 1.2 percent, or \$430 million, from 2015. This increase is the net effect of a 2.3 percent market basket increase, reduced by a 0.6 percentage point forecast error adjustment, and further reduced by a 0.5 percentage point multifactor productivity adjustment required by law.

SNF QUALITY REPORTING PROGRAM (QRP)

On October 6, 2014, the Improving Medicare Post-Acute Care Transformation (IMPACT) Act was signed into law and makes changes to requirements for post-acute settings, including long-term care and home health. Post-acute care providers that are subject to this law include: home health agencies (HHAs), skilled nursing facilities (SNF), inpatient rehabilitation facilities (IRFs), and long-term care hospitals (LTCHs). SNFs will be expected to report standardized assessment data and meet the requirements for new quality measure reporting. These quality measures include: functional status changes, skin integrity and changes, medication reconciliation, incidence of major falls and patient preference regarding treatment and discharge options.

CMS finalized its proposal to adopt three new cross setting measures that align with the “skin integrity,” “major falls,” and “functional status and cognitive function” domains of the IMPACT Act for FY 2018 and subsequent years. These three National Quality Forum (NQF)-endorsed measures include:

- NQF #0678: Percent of Residents or Patients with Pressure Ulcers that are New or Worsened (Short-Stay);
- NQF #0674: Application of Percent of Residents Experiencing One or More Falls with Major Injury (Long-Stay); and
- NQF #2631: Application of Percent of Patients or Residents with an Admission and Discharge Functional Assessment and a Care that Addresses Function.

SNF VALUE-BASED PURCHASING PROGRAM

The Protecting Access to Medicare Act of 2014 authorizes the establishment of a SNF Value-Based Purchasing Program (SNF VBP) beginning in FY 2019.

In the proposed rule, CMS sought comment on SNF VBP policies such as performance standards, measuring improvement appropriate baseline and performance periods, and performance scoring methodology. CMS will take comments into consideration and intends to provide more details on the SNF VBP in the FY 2017 SNF PPS proposed rule.

CMS finalized the adoption of the SNF 30-Day All-Cause Readmission Measure (NQF#2510) to the SNF VBP. This measure assesses the risk-standardized rate of all-cause inpatient hospital readmissions of Medicare fee-for-service (FFS) SNF beneficiaries within 30 days of their prior short-stay acute hospital discharge. This measure is claims-based and does not require additional data collection for SNFs.

STAFFING DATA COLLECTION

The final rule establishes a new reporting requirement for Long-Term Care (LTC) facilities. Beginning July 1, 2016, LTC facilities that participate in Medicare or Medicaid will be required to electronically submit direct care staffing information based on payroll and other verifiable data. This includes information for both agency and contract staff.

In response to comments on the proposed rule, CMS defines “Direct Care Staff” as those individuals who “provide care and services to residents to allow them to attain or maintain the highest practicable physical, mental, and psychosocial well-being.” Individuals whose primary role is to maintain the physical environment of the LTC facility (i.e., housekeeping) are not included in the definition of direct care staff.