

FY 2017 Medicare Skilled Nursing Facilities Proposed Rule

OVERVIEW

On April 21st, the Centers for Medicare and Medicaid Services (CMS) issued a proposed rule to update the FY 2017 Medicare payment rates under the prospective payment system (PPS) for skilled nursing facilities (SNFs).

CMS will accept comments on the proposed rule until June 20th. This document summarizes several major provisions of the proposed rule, which is available [here](#).

PAYMENT POLICY PROVISIONS

In the proposed rule, CMS projects that in FY 2017 the aggregate payments to SNFs would increase by 2.1 percent, or \$800 million, from 2016. This increase is the net effect of a 2.6 percent market basket increase, reduced by a 0.5 percentage point multifactor productivity adjustment required by law.

SNF QUALITY REPORTING PROGRAM

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. SNFs will be expected to report standardized assessment data and meet the requirements for a new quality reporting program beginning in FY 2018. Under the SNF PPS, SNFs that do not submit required data to CMS receive a two percent reduction in their annual increase factor for payments.

The IMPACT Act requires continued specification of quality measures for the SNF Quality Report Program (QRP). To satisfy the IMPACT Act requirements, CMS is proposing to add a new assessment-based quality measure and three claims-based measures for inclusion in the SNF QRP. These measures would include:

- **Claims-based measures in FY 2017 for FY 2018 payment determinations and subsequent years:**
 - Discharge to Community-Post Acute Care (PAC) SNF QRP;
 - Medicare Spending Per Beneficiary - PAC SNF QRP; and
 - Potentially Preventable 30 Day Post-Discharge Readmission Measure for SNFs.
- **Assessment-based measure in FY 2019 for FY 2020 payment determinations and subsequent years:**
 - Drug Regimen Review Conducted with Follow-Up for Identified Issues.

Even though payment updates for SNFs follow the federal fiscal year calendar, CMS proposes to use a calendar year schedule for measures and data submission requirements. This would include a period for provider review and correction, beginning with data reporting for FY 2019.

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. Through the SNF VBP Program, SNFs can receive incentive payments based on performance.

In the proposed rule, CMS specifies to add a second measure to the SNF VBP Program: the SNF 30-Day Potentially Preventable Readmission Measure. This measure would assess the facility-level risk-standardization rate of unplanned, potentially preventable hospital readmissions for SNF patients within 30 days of discharge from a prior hospital admission to a hospital paid under the Inpatient Prospective Payment System, a critical access hospital, or a psychiatric hospital. This measure is in addition to the SNF 30-Day All-Cause Readmission Measure, which was finalized in the FY 2016 SNF PPS Final Rule.

Additionally, CMS seeks comment on the following SNF VBP Program policies: establishing performance standards; measuring improvement appropriate baseline and performance periods; adopting performance scoring methodology; and developing confidential feedback reports.