

FY 2017 Medicare Skilled Nursing Facilities Final Rule

OVERVIEW

On July 29th, the Centers for Medicare and Medicaid Services (CMS) issued a final rule to update the FY 2017 Medicare payment rates under the prospective payment system (PPS) for skilled nursing facilities (SNFs). The final rule goes into effect on October 1, 2016.

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

PAYMENT POLICY PROVISIONS

For FY 2017, CMS estimates that the final rule will increase aggregate payment to SNFs by 2.4 percent, or \$920 million, from 2016. This update differs from the proposed rule that would have increased aggregate payments to SNFs by 2.1 percent. The final increase is the net effect of a 2.7 percent market basket increase, reduced by a 0.3 percentage point multifactor productivity adjustment required by law.

SNF QUALITY REPORTING PROGRAM

The Improving Medicare Post-Acute Care Transformation (IMPACT) Act, signed into law on October 6, 2014, makes changes to requirements for post-acute settings, including long-term care and home health. The IMPACT Act requires continued specification of quality measures for the SNF Quality Reporting Program (QRP). To satisfy the requirements, CMS has finalized its proposal to add a new assessment-based quality measure and three claims-based measures for inclusion in the SNF QRP.

These measures include:

- **Claims-based measures 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 for FY 2020 payment determinations and subsequent years:**
 - Drug Regimen Review Conducted with Follow-Up for Identified Issues.

Claims-based measures are calculated by CMS using claims with service dates starting October 1, 2016 and require no additional reporting from SNFs. For the assessment-based measure, SNFs will be expected to report standardized data and meet the requirements for the 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.

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.

This rule finalizes CMS's proposal to add a second measure to the SNF VBP Program: the SNF 30-Day Potentially Preventable Readmission Measure. This measure will 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.