

**MEMORANDUM**

**To:** ACRM

**From:** Peter Thomas and Steve Postal

**Date:** May 17, 2017

**Re:** Proposed Rule on Skilled Nursing Facility Prospective Payment System for Federal Fiscal Year 2018

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On May 4, the Centers for Medicare & Medicaid Services (CMS) published a [proposed rule](#) in the Federal Register to revise the payment rates used under the prospective payment system (PPS) for skilled nursing facilities (SNFs) for fiscal year (FY) 2018. In an effort to continue to shift Medicare payments from volume to value, CMS also proposes additional policies and measures for the implementation of the Skilled Nursing Facility Value-Based Purchasing Program (SNF VBP) and the Skilled Nursing Facility Quality Reporting Program (SNF QRP) as well as an update on the SNF Payment Models Research (PMR) project. The proposed rule also includes a proposal for the End Stage Renal Disease (ESRD) Quality Incentive Program (QIP), and providing a request for information on CMS flexibilities and efficiencies, among other things. **Comments on the proposed rule are due June 26, 2017 at 5:00 PM EST.**

The following are highlights of the proposed rule, where opportunities to comment are italicized and bolded.

**Update to Payment Rates in FY 2018**

- A proposed payment increase of \$390 million, or 1.0 percent, to SNFs from FY 2017 rates.

**SNF Quality Reporting Program (QRP)**

- Required by the IMPACT Act.
- CMS proposes to replace the current pressure ulcer measure with an updated version of that measure, beginning with the FY 2020 SNF QRP. ***CMS invites comment on this.***
- CMS proposes to adopt four new outcome-based functional measures that address functional status for FY 2020. ***CMS invites comment on these measures.*** These measures align with the IRF QRP for FY 2020:
  - Application of IRF Functional Outcome Measure: Change in Self-Care Score for Medical Rehabilitation Patients (NQF #2633);
  - Application of IRF Functional Outcome Measure: Change in Mobility Score for Medical Rehabilitation Patients (NQF #2634);
  - Application of IRF Functional Outcome Measure: Discharge Self-Care Score for Medical Rehabilitation Patients (NQF #2635); and

- Application of IRF Functional Outcome Measure: Discharge Mobility Score for Medical Rehabilitation Patients (NQF #2636).
- Standardized patient assessment data. Beginning with FY 2019 SNF QRP, standardized patient assessment data must be reported by SNFs. CMS proposes to satisfy this requirement using the data submitted on the existing pressure ulcer measure. For the FY 2020 program year, CMS proposes that IRFs begin reporting standardized patient assessment data with respect to five specified patient assessment categories required by law that include:
  - Functional status;
  - Cognitive function;
  - Special services, treatments and interventions;
  - Medical conditions and co-morbidities; and
  - Impairments.
- SNF QRP Quality Measures Under Consideration for Future Years. CMS is considering several quality measures for future years, ***and is inviting comments on each.*** These measures include:
  - Application of Percent of Residents Who Self-Report Moderate to Severe Pain;
  - Application of Percent of Residents or Patients Who Were Assessed and Appropriately Given the Seasonal Influenza Vaccine;
  - Percent of SNF Residents Who Newly Received an Antipsychotic Medication;
  - Modification of the Discharge to Community-Post Acute Care (PAC) Skilled Nursing Facility (SNF) Quality Reporting Program (QRP) measure; and
  - Two (2) Unspecified Measures
    - CMS will specify these no later than October 1, 2018. Data collection is projected to begin on or about October 1, 2019, with CMS intending to propose to adopt them for the FY 2021 SNF QRP.
- New measures. CMS proposes to begin publically reporting six new measures for display by fall 2018, ***and is inviting comments on each:***
  - Assessment-based Measures
    - Application of Percent of Long-Term Care Hospital (LTCH) Patients With an Admission and Discharge Functional Assessment and a Care Plan That Addresses Function (NQF #2631);
    - Percent of Residents or Patients with Pressure Ulcers That Are New or Worsened (NQF #0678); and
    - Application of Percent of Residents Experiencing One or More Falls with Major Injury (NQF #0674).
  - Claims-based Measures
    - Medicare Spending Per Beneficiary-PAC SNF QRP;
    - Discharge to Community-PAC SNF QRP; and
    - Potentially Preventable 30-Day Post-Discharge Readmission Measure for SNF QRP.

### **SNF Value-Based Purchasing Program**

- Will be used to determine value-based incentive payments to SNFs.
- ***CMS is requesting comment*** if it should replace the Skilled Nursing Facility 30-Day All-Cause Readmission Measure (SNFRM) (NQF #2510) with the Skilled Nursing Facility 30-Day Potentially Preventable Readmission Measure (SNFPPR).
- **Zero readmissions.** CMS is considering different policy options to ensure that SNFs achieving zero readmissions among their patient populations during the performance period do not receive a negative payment adjustment. CMS intends to address this topic in future rulemaking, and ***requests public comments on what accommodations, if any, it should employ to ensure that SNFs meeting CMS' quality goals are not penalized under the program. CMS specifically requests comments on the form this potential accommodation should take.***
- **Scoring & Operational Updates.** The SNF VBP Program's scoring and operational policies for its first year (FY 2019) include:
  - Only one readmission measure for each year;
  - The Secretary shall reduce the total amount of Medicare payments to SNFs in a fiscal year by two percent to fund the value-based incentive payments for that fiscal year;
  - The SNF VBP program shall limit the total amount of value-based incentive payments made to SNFs in a fiscal year to between 50 percent and 70 percent of the total amount of the reduction to SNF Medicare payments for that fiscal year;
  - The SNF VBP Program must pay SNFs ranked in the lowest 40 percent less than the amount they would otherwise be paid in the absence of the SNF VBP; and
  - Both public and confidential facility performance reporting will be conducted.

### **HCPCS Codes for Customized Prosthetic Devices**

- ***CMS invites comment*** identifying HCPCS codes in customized prosthetic devices representing recent medical advances that might meet its criteria for exclusion from SNF consolidated billing.
- CMS may consider excluding a particular service if it meets its criteria for exclusion.
- Commenters should identify in their comments the specific HCPCS code that is associated with the service in question, as well as their rationale for requesting that the identified HCPCS code(s) be excluded.

### **Request for Information on CMS Flexibilities and Efficiencies**

In the proposed rule, ***CMS invites public comment*** regarding ideas for regulatory or sub-regulatory relief, including changes in policy, practice, and procedures to better accomplish flexibility and efficiency in Medicare, including reducing unnecessary burdens for clinicians, other providers, patients, and their families. CMS is hoping that these suggestions will increase quality of care, lower costs, improve program integrity, and make the health care system more effective, simple and accessible. This is an important opportunity for providers and patients alike to offer regulatory relief suggestions that could significantly streamline the program and improve access to patient care while reducing provider burden with existing regulatory requirements.

**End-Stage Renal Disease (ESRD) Quality Incentive Program (QIP): Clarifying the PY 2020 Performance Period for the National Healthcare Safety Network (NHSN) Healthcare Personnel (HCP) Influenza Vaccination Reporting Measure**

- CMS is proposing to correct the performance period for the NHSN Healthcare Personnel Influenza Vaccination Reporting Measure for PY 2020 that it previously finalized for that measure for PY 2019, such that it will align with the schedule established in earlier payment years.
  - Specifically, CMS is proposing to set the performance period for that measure as October 1, 2017 through March 31, 2018 for the Payment Year (PY) 2020 ESRD QIP program.

**New Case-Mix Classification Model**

- *CMS is seeking comments* on the SNF PPS' existing possibility of replacing the case-mix classification model, the Resource Utilization Groups, Version 4 (RUG-IV), with a new model; the Resident Classification System, Version I (RCS-I).
  - CMS also released a Technical Report on the development of RCS-I, which is available at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/therapyresearch.html>.

**Conclusion**

The SNF proposed rule provides some good opportunities to comment for rehabilitation and other stakeholders. Contrary to MedPAC's recommendations for a reduction in reimbursement rates for SNFs in FY 2018, it is encouraging that the proposed rule calls for a 1.0 percent increase in payments to skilled nursing facilities. CMS once again invites comments on identifying HCPCS codes in customized prosthetic devices representing recent medical advances that might meet its criteria for exclusion from SNF consolidated billing, but previous efforts to expand the list of HCPCS codes subject to this exclusion have been rejected. Like the IRF PPS proposed rule, CMS is also accepting comments on how to better accomplish flexibility and efficiency in Medicare, including reducing unnecessary burdens for clinicians, other providers, and patients and their families.