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FY 2018 SNF PPS Proposed Rule

On April 27, 2017, the Centers for Medicare & Medicaid Services (CMS) issued a proposed rule outlining the Fiscal Year (FY) 2018 Medicare payment rates and quality programs for skilled nursing facilities (SNFs). CMS also released an Advance Notice of Proposed Rulemaking (ANPRM) which solicits comment on potential revisions to the SNF payment system, based on research conducted under the SNF Payment Models Research project.

CMS published a fact sheet that discusses major provisions of the proposed rule. Below is a summary of the major payment and policy changes for SNFs in the FY 2018 Proposed Rule, per the CMS Fact Sheet:

Changes to Payment Rates under the SNF Prospective Payment System (PPS)

Based on proposed changes contained within the proposed rule, CMS projects aggregate payments to SNFs will increase in FY 2018 by \$390 million, or 1.0 percent, from payments in FY 2017. This estimated increase is attributable to a 1.0 percent market basket increase required by section 411(a) of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)

SNF Quality Reporting Program (QRP)

Under the SNF QRP, SNFs that fail to submit the required quality data to CMS will be subject to a 2 percentage point reduction to the otherwise applicable annual market basket percentage update with respect to that fiscal year. SNFs will know by mid-May 2017 if their rates will be subject to a penalty for FY 2018 for failure to complete data between Oct 1-Dec. 31, 2016.

Beginning with the FY 2019 SNF QRP, SNFs must also report standardized patient assessment data. CMS proposes to satisfy this requirement for the FY 2019 SNF QRP using the data submitted on the existing pressure ulcer measure

In the FY 2018 proposed rule, CMS is proposing to replace the current pressure ulcer measure with an updated version of that measure and to adopt four new measures that address functional status for FY 2020:

1. Changes in Skin Integrity Post-Acute Care: Pressure Ulcer/Injury.

2. Four outcome-based functional measures on resident functional status to align with the IRF QRP for FY2020
 - a. Application of IRF Functional Outcome Measure: Change in Self-Care Score for Medical Rehabilitation Patients (NQF #2633)
 - b. Application of IRF Functional Outcome Measure: Change in Mobility Score for Medical Rehabilitation Patients (NQF #2634)
 - c. Application of IRF Functional Outcome Measure: Discharge Self-Care Score for Medical Rehabilitation Patients (NQF #2635)
 - d. Application of IRF Functional Outcome Measure: Discharge Mobility Score for Medical Rehabilitation Patients (NQF #2636)

These measures will need to be added to the MDS after finalized by these rules, data collected, and eventually the failure to submit data could impact the penalty effective FY 2020.

For the FY 2020 program year, CMS is proposing that SNFs begin reporting standardized patient assessment data with respect to 5 specified patient assessment categories required by law that include:

1. functional status; (as noted above)
2. cognitive function;
3. special services, treatments and interventions;
4. medical conditions and co-morbidities; and
5. impairments.

CMS is proposing, pending the availability of data, to publicly report data in FY 2018 for the SNF QRP measures currently in use.

SNF Value-Based Purchasing Program (VBP)

The SNF VBP Program has adopted scoring and operational policies for its first year (FY 2019) and has specified measures and program features as required by statute. The FY 2018 SNF PPS proposed rule includes additional Program proposals, including a payment exchange function approach to implement value-based incentive payment adjustments beginning October 1, 2018.

The SNF VBP Program's scoring and operational policies for its first year (FY 2019) include:

- The Program is limited to one readmission measure for each year.



- The Program requires the Secretary to reduce the total amount of Medicare payments to SNFs in a fiscal year by 2 percent reduction to fund the value-based incentive payments for that fiscal year.
- The total amount of value-based incentive payments that can be made to SNFs in a fiscal year is statutorily limited to between 50 percent and 70 percent of the total amount of the reduction to SNF Medicare payments for that fiscal year.
- The 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.
- Both public and confidential facility performance reporting will be conducted.

In addition to the proposed logistical exchange function, SNF VBP Program proposed policies in the FY 2018 proposed rule include performance and baseline periods for the FY 2020 Program year, updated values for performance standards for FY 2020, additional details for the Review and Correction process for SNFs' performance information to be made public on Nursing Home Compare, and revising the previously-adopted rounding policy for SNF performance scores.

Survey Team Composition

CMS proposes to make technical changes and address confusion as to whether complaint survey teams fall under §488.314 which requires the survey team to include a registered nurse or §488.332 which does not require a registered nurse on the survey team. CMS is proposing that complaint surveys follow the requirement of §488.332, meaning that a complaint survey does not require a registered nurse to participate on the survey team.

End-Stage Renal Disease (ESRD) Quality Incentive Program (QIP)

In the Calendar Year (CY) 2017 ESRD Prospective Payment System (PPS) final rule, CMS inadvertently finalized the same performance period for the National Healthcare Safety Network (NHSN) Healthcare Personnel Influenza Vaccination Reporting Measure for Payment Year (PY) 2020 that they previously finalized for that measure for PY 2019. In this proposed rule, CMS is proposing to correct that performance period such that it will align with the schedule established in earlier payment years.

Request for Information (RFI)

In addition to the proposed rule, CMS is releasing a Request for Information (RFI) to welcome continued feedback on the Medicare Program. CMS would like to start a national conversation about improving the health care delivery system and about how Medicare can contribute to making the delivery system less bureaucratic

and complex, and how CMS can reduce burden for clinicians, providers and patients in a way that increases quality of care and decreases costs. CMS is soliciting ideas for regulatory, sub-regulatory, policy, practice and procedural changes to better accomplish these goals. Ideas could include recommendations regarding payment system re-design, elimination or streamlining of reporting, monitoring and documentation requirements, operational flexibility, feedback mechanisms and data sharing that would enhance patient care, supporting doctor-patient relationship in care delivery, and facilitating patient-centered care.

In responding to the RFI, please provide CMS with clear and concise proposals that include data and specific examples. CMS will not respond to RFI comment submissions in the final rule, but rather will actively consider all input in developing future regulatory proposals or future sub-regulatory guidance.

Advance Notice of Proposed Rulemaking (ANPRM); Revisions to Case Mix Methodology

CMS is issuing an advance notice of proposed rulemaking (ANPRM); Revisions to Case Mix Methodology to solicit public comments on potential options CMS may consider for revising certain aspects of the existing SNF PPS payment methodology to improve its accuracy, based on the results of the SNF Payment Models Research (SNF PMR) project. In particular, CMS is seeking comments on the possibility of replacing the SNF PPS' existing 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 intends to propose these case-mix refinements in next year's SNF PPS Proposed Rule (for FY2019). Public comments on the proposed rule and ANPRM will be accepted until June 26, 2017.

To read the complete FY 2018 SNF PPS Proposed Rule and the Advance Notice of Proposed Rulemaking; Revisions to Case Mix Methodology: http://polaris-group.com/news_releases.asp

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Contributors:
 Debora Glatfelter, RN, RAC-CT
 Victor Kintz, MBA, CHC, LNHA, RAC-CT, CCA
 Marty Pachciarz, RN, RAC-CT
 Cynthia Wilkins, RN, MSN, LNHA
 Wendy Erickson, BSN, RN, RAC-CT, CCA
Editor:
 Chuck Cave, BS, CHC
Production Manager:
 Mica Meadows
