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Overview of the Skilled Nursing Facility Value-Based Purchasing Program

Provider Types Affected

This article is intended for physicians, clinical staff, and administrators of Skilled Nursing Facilities (SNFs) submitting claims under the SNF Prospective Payment System (PPS) to Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries during a SNF stay.

What You Need to Know

The Centers for Medicare & Medicaid Services (CMS) SNF Value-Based Purchasing (VBP) Program is one of many VBP programs that aims to reward quality and improve health care. Beginning October 1, 2018, SNFs will have an opportunity to receive incentive payments based on performance on the specified quality measure.

Background

The Protecting Access to Medicare Act (PAMA) of 2014, enacted into law on April 1, 2014, authorized the SNF VBP program. PAMA requires CMS to adopt a VBP payment adjustment for SNFs beginning October 1, 2018. By law, the SNF VBP Program is limited to a single readmission measure at a time.

PAMA requires CMS, among other things, to:

- Furnish value-based incentive payments to SNFs for services beginning October 1, 2018.
- Develop a methodology for assessing performance scores.
- Adopt performance standards on a quality measure that include achievement and improvement.

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- Rank SNFs based on their performance from low to high. The highest ranked facilities will receive the highest payments, and the lowest ranked 40 percent of facilities will receive payments that are less than what they otherwise would have received without the Program.

CMS will withhold 2 percent of SNF Medicare payments starting October 1, 2018, to fund the incentive payment pool and will then redistribute 50-70 percent of the withheld payments back to SNFs through the SNF VBP Program.

Readmissions Measures

Skilled Nursing Facility 30-Day All Cause Readmission Measure (SNFRM)

In the [Fiscal Year \(FY\) 2016 SNF Prospective Payment System \(PPS\) final rule](#), CMS adopted the SNFRM as the first measure for the SNF VBP Program. The measure is defined as the risk-standardized rate of all-cause, unplanned hospital readmissions of Medicare beneficiaries within 30 days of discharge from their prior hospitalization. Hospital readmissions are identified through Medicare hospital claims (not SNF claims) so no readmission data is collected from SNFs and there are no additional reporting requirements for the measure. This measure is endorsed by the National Quality Forum.

Readmissions to a hospital within the 30-day window are counted regardless of whether the beneficiary is readmitted directly from the SNF or after discharge from the SNF as long as the beneficiary was admitted to the SNF within 1 day of discharge from a hospital stay. The measure excludes planned readmissions because they do not indicate poor quality of care. The measure is risk-adjusted based on patient demographics, principal diagnosis from the prior hospitalization, comorbidities, and other health status variables that affect probability of readmission.

Other exclusions include patients who were hospitalized for medical treatment of cancer, do not have Medicare Part A coverage for the full 30-day window, and do not have Part A coverage for the 12 months preceding the prior hospital discharge. Additional exclusions include SNF stays with:

- An intervening post-acute care admission within the 30-day window,
- Patient discharge from the SNF against medical advice,
- Principal diagnosis in prior hospitalization was for rehabilitation, fitting of prosthetics, or adjustment of devices,
- Prior hospitalization for pregnancy, and
- Other reasons documented in the measure's technical specifications.

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Skilled Nursing Facility 30-Day Potentially Preventable Readmission (SNFPPR) Measure

On July 29, 2016, CMS adopted the SNFPPR measure for future use in the SNF VBP Program. The SNFPPR measure assesses the risk-standardized rate of unplanned, Potentially Preventable Readmissions (PPRs) for Medicare Fee-For-Service SNF patients within 30 days of discharge from a prior hospitalization.

Potentially preventable hospital readmissions for post-acute care are defined using the existing evidence, empirical analysis, and technical expert panel input. However, the key difference between the SNFRM and SNFPPR measures is that the SNFPPR focuses on **potentially preventable** readmissions rather than **all-cause** readmissions. As required by the Program's statute, CMS will replace the SNFRM with the SNFPPR as soon as practicable.

Performance Scoring

CMS has adopted these scoring methodologies to measure SNF performance that includes levels of achievement and improvement:

- **Achievement scoring** compares a SNF's performance rate in a performance period against all SNFs' performance during the baseline period
- **Improvement scoring** compares a SNF's performance during the performance period against its own prior performance during the baseline period

For FY 2019 of the SNF VBP Program, achievement scoring will compare SNFs' 2017 performance to the performance of all facilities during Calendar Year (CY) 2015.

Improvement scoring methodology will compare a SNFs' 2017 performance to its own performance during CY 2015. For more information about the SNF VBP Program's scoring methodology, refer to the [FY 2017 SNF PPS final rule](#).

Quality Feedback Reports

On October 1, 2016, SNFs will begin receiving quarterly confidential feedback reports about their performance in the SNF VBP Program via the Certification and Survey Provider Enhanced Reporting (CASPER) system.

Additional Information

For more information about the SNF VBP Program, visit <https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/Value-Based-Programs/Other-VBPs/SNF-VBP.html> and refer to the [FY 2016 SNF PPS final rule](#) and the [FY 2017 SNF PPS final rule](#).

If you have additional questions, please email them to: SNFVBPinquiries@cms.hhs.gov.

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If you have any questions, please contact your MAC at their toll-free number. That number is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/index.html>.

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