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A MEDICARE LEARNING NETWORK® (MLN) EVENT

# Skilled Nursing Facility (SNF) Value-Based Purchasing (VBP) Program Fiscal Year (FY) 2018 Final Rule

Thursday, November 16, 2017

**Presenter:**

Celeste Bostic  
CMS/CCSQ/QMVIG/DVIQR



# Acronyms in this Presentation

Acronym	Definition
CASPER	Certification and Survey Provider Enhanced Reporting
CCN	CMS Certification Number
CMS	Centers for Medicare and Medicaid Services
CY	Calendar Year
FY	Fiscal Year
HICN	Health Insurance Claim Number
MLN	Medicare Learning Network
QIES	Quality Improvement Evaluation System
PAMA	Protecting Access to Medicare Act of 2014
PPS	Prospective Payment System
RSRR	Risk-Standardized Readmission Rate
SNFRM	Skilled Nursing Facility Readmission Measure
SNF VBP	Skilled Nursing Facility Value-Based Purchasing Program

# Presenter

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Program Lead, SNF VBP  
DVIQR, QMVG, CCSQ, CMS



# Agenda

Agenda
Overview of the SNF VBP Program
SNF 30-Day All-Cause Readmission Measure
Performance Scoring
Exchange Function
Confidential Quarterly Feedback Reports
Review and Corrections Process
Public Reporting
Future Communication Activities
Question and Answer Session
Resources



# Key Objectives

Participants will:

- Understand when the SNF VBP Program will affect Medicare's payments to SNFs
- Review the SNF 30 Day All-Cause Readmission Measure (SNFRM)
- Understand when the SNF VBP Program's performance periods and baseline periods will transition from calendar year (CY) to fiscal year (FY)
- Learn about the exchange function CMS will use to translate SNF performance scores into incentive multipliers
- Understand when interim quarterly confidential feedback reports will be disseminated to SNFs
- Understand the Review and Corrections Process
- Learn about future SNF VBP communication activities



# CMS Strategic Goals



The CMS strategy will be built on one main goal: **PUT PEOPLE FIRST**

- 1 Empower patients and doctors to make decisions about their health care**
  - Reduce burdensome regulations so that doctors and providers can focus on providing high-quality healthcare to their patients.
  - Put policies in place that build a patient-centered system of care that increases competition, quality, and access.
  - Empower patients to take ownership of their health and ensure that patients have the flexibility and information to make choices as they seek care.
- 2 Usher in a new era of state flexibility and local leadership**
  - Provide states and local communities flexibility so they can design innovative, fiscally responsible programs that best meet their citizens' unique needs.
  - Hold states accountable for achieving outcomes and results.
- 3 Support innovative approaches to improve quality, accessibility, and affordability**
  - Use data-driven insights to ensure cost-effective care that also leads to improvements in patient outcomes.
  - Leverage technology to prevent and identify waste, fraud, and abuse so that taxpayer dollars can focus on providing high-quality care to beneficiaries.
- 4 Improve the CMS customer experience**
  - Provide patients and providers with the tools and information they need to make decisions that work best for them.
  - Empower states with their efforts to drive innovation to improve quality and health outcomes.



- The Centers for Medicare and Medicaid Services (CMS) Strategy is built on one main goal: **Put People First**
- CMS will achieve its main goal by meeting four strategic goals:
  1. Empower patients and doctors to make decisions about their healthcare
  2. Usher in a new era of state flexibility and local leadership
  3. Support innovative approaches to improve quality, accessibility, and affordability
  4. Improve the CMS customer experience



# Overview of the SNF VBP Program

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# What is the Skilled Nursing Facility Value-Based Purchasing Program?

- The Skilled Nursing Facility Value-Based Purchasing (SNF VBP) Program offers Medicare incentive payments to SNFs paid under the SNF Prospective Payment System (PPS) based on their performance on specified measures of readmissions
  - Provides strong incentives for facilities to coordinate care
  - Aims to protect patients from potential harms or adverse events associated with hospital readmissions
- Builds on previous quality improvement efforts in the skilled nursing facility sector and other Medicare VBP Programs
  - *Nursing Home Compare*
  - SNF Quality Reporting Program





# Legislative Basis for the SNF VBP Program

Section 215 of the “Protecting Access to Medicare Act of 2014” (PAMA), enacted on April 1, 2014, added subsections (g) and (h) to Section 1888 of the Social Security Act.

Program requirements include:

- A focus on measures of readmissions
- Performance standards for achievement and improvement
- SNF Performance Scores publicly ranked from low to high
- 2% of SNFs’ Medicare payments withheld to fund incentive payments
- Incentive payments totaling 50-70% of the amount withheld from SNFs’ payments
- The bottom 40% of SNFs must receive less in incentive payments than they would otherwise receive
- Confidential and public reporting

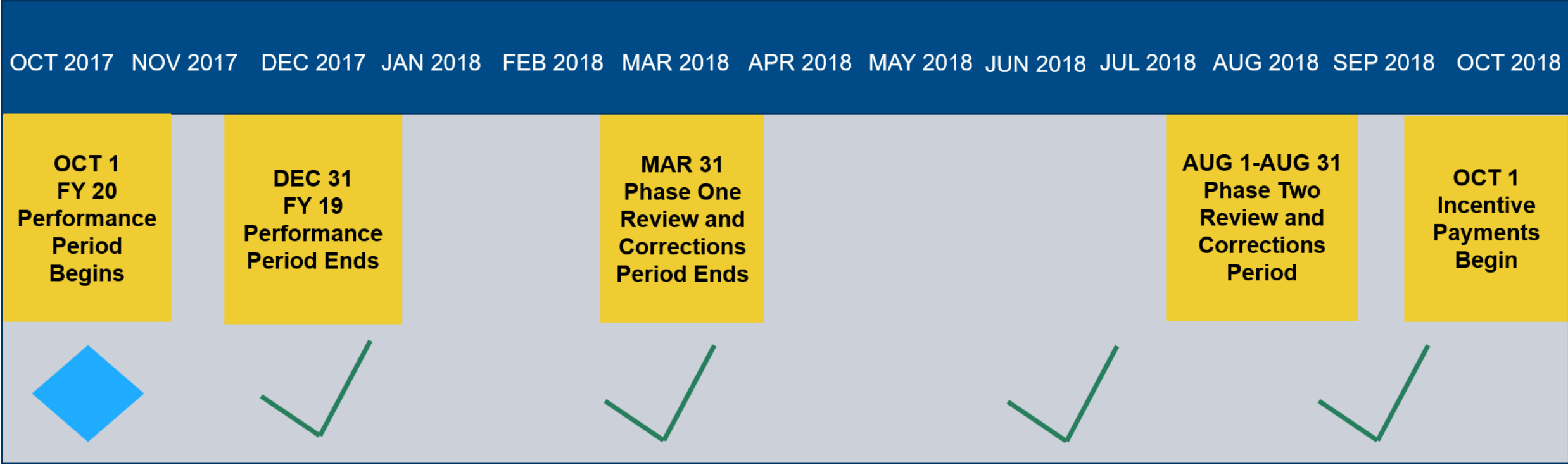


# FY 2018 SNF PPS Final Rule Overview




- **Beginning October 1, 2018**, eligible SNFs will be awarded value-based incentive payments for the quality of care they give to people with Medicare
- Finalized SNF VBP policies include:
  - Performance and baseline periods for the FY 2020 Program year
  - A revised rounding policy for SNF performance scores
  - A logistic exchange function for use in translating SNF performance scores to incentive multipliers
  - 60% of the total amount withheld from SNFs' Medicare payments for that FY will be paid as incentive payments to SNFs based on their performance in the program
  - Phase two of the Review and Correction process
  - Public reporting and performance ranking of SNFs' performance



# Upcoming Program Dates and Periods



**Key for Confidential Quarterly Reporting and**

-  **Public Reporting**
-  Confidential Quarterly Reporting
-  Public Reporting



# CY to FY Transition

For the FY 2020 Program, performance period and baseline periods for performance scoring will transition to FY periods

Term	FY 2019 Program	FY 2020 Program
Performance Period	Calendar Year (CY) 2017 (Jan 1, 2017-Dec 31, 2017)	FY 2018 (Oct 1, 2017-Sep 30, 2018)
Baseline Period	CY 2015 (Jan 1, 2015-Dec 31, 2015)	FY 2016 (Oct 1, 2015-Sep 30, 2016)

**Note:** During the transition, SNFs will be measured on their performance for Q4 of 2017 (Oct 1, 2017 through Dec 31, 2017) for both program years



# SNF 30-Day All Cause Readmission Measure (SNFRM)

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# SNF 30-Day All Cause Readmission Measure (SNFRM): Overview

**The SNFRM estimates risk-standardized rate of all-cause, unplanned hospital readmissions of Medicare SNF beneficiaries within 30 days of discharge from their prior proximal acute hospitalization.**

- Lower readmission rates are better
- Hospital readmissions are identified through Medicare claims
- Readmissions within 30-day window are counted regardless of whether the beneficiary is readmitted to the hospital directly from the SNF or has been discharged from the SNF
- Risk-adjusted based on patient demographics, principal diagnosis in prior hospitalization, comorbidities, and other health status variables that affect probability of readmission
- Excludes planned readmissions since these are not indicative of poor quality
- The SNFRM is endorsed by the National Quality Forum (NQF #2510)

**Note:** The measure used in the SNF VBP Program is not the same as the readmission measure posted on the Nursing Home Compare website and not the same as the measure adopted for the SNF Quality Reporting Program.



# Performance Scoring

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# SNF VBP Performance Score: Overview

- SNFs are assigned SNF VBP Performance Scores based on their SNFRM RSRRs in the applicable baseline and performance periods
- SNF VBP Performance Scores range from 0 to 100 points
- SNFs are assigned values for both their improvement from the baseline year to the performance year and their achievement in the performance period using the equations outlined in the FY 2017 SNF PPS Final Rule
- The performance score is the higher of a SNF's achievement score or improvement score
- For SNFs that only have performance period data, the achievement score will equal the performance score





# Calculating a SNF VBP Performance Score: Inverting the SNFRM

Since *lower* RSRRs are better, SNF VBP performance scores will be calculated under the SNF VBP Program by first inverting SNFRM rates using the following calculation:

$$\text{SNFRM Inverted Rate} = 1 - \text{Facility's SNFRM Rate}$$

**Example:** SNF RSRR of 20.449%

$$\text{SNFRM Inverted Rate} = 1 - 0.20449$$

$$\text{SNFRM Inverted Rate} = 0.79551$$

Once the RSRR has been inverted, a *higher* score is better.

**Note:** SNF performance scores will be rounded to the fifth significant digit.



# Calculating a SNF VBP Performance Score: Achievement and Improvement

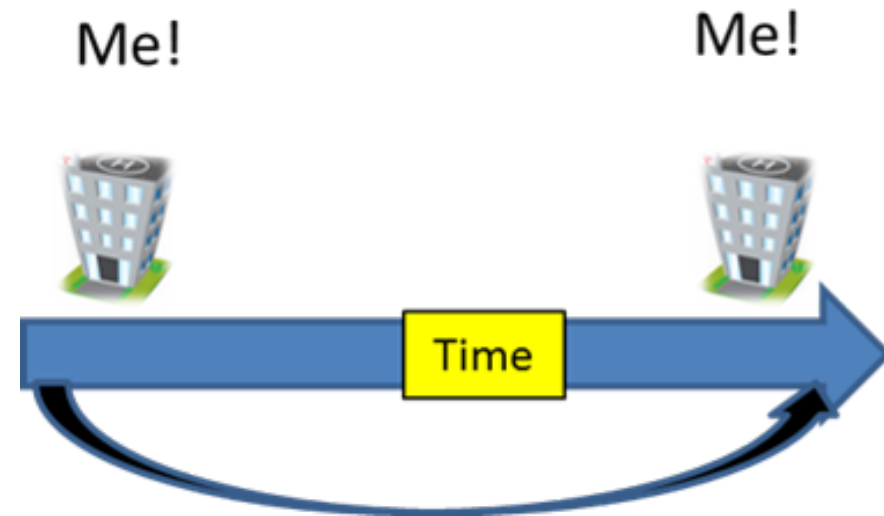
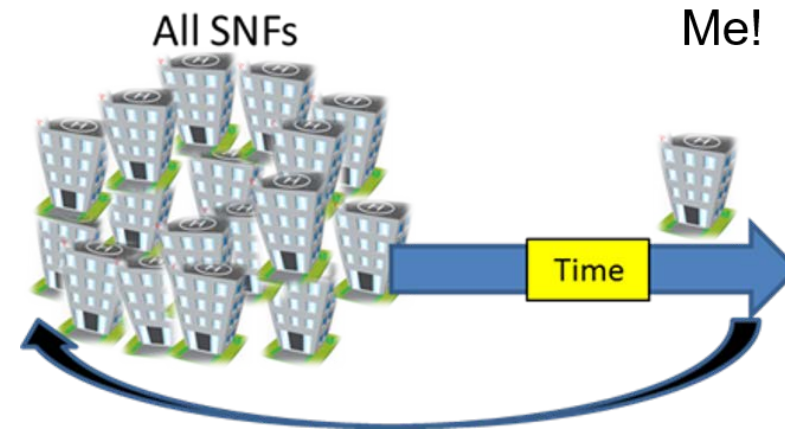
**Achievement Score:** Points awarded by comparing the facility's rate during the performance period (CY 2017) with the performance of **all facilities nationally** during the baseline period (CY 2015).

- Rate better than or equal to benchmark: 100 points
- Rate worse than achievement threshold: 0 points
- Rate between the two: 1 – 99 points, awarded according to the formula described in the final rule

**Improvement Score:** Points awarded by comparing the facility's rate during the performance period (CY 2017) with **its previous performance** during the baseline period (CY 2015).

- Rate better than or equal to benchmark: 90 points
- Rate worse than improvement threshold: 0 points
- Rate between the two: 1 – 89 points, awarded according to the formula described in the final rule

**The SNF VBP Performance Score is the higher of the Achievement and Improvement Scores.**



# Exchange Function

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# What is an Exchange Function?

- An exchange function is mathematical model that matches performance scores to incentive multipliers that are added to Medicare payments
- An exchange function is used to ensure that the incentive multipliers awarded to all SNFs provide a specific total amount of incentive payments



# Exchange Function Background

- There are two steps required by statute which bring up the need for an exchange function:
  - CMS must reduce SNFs' Medicare payments by two percentage points, then
  - distribute incentive payments to all SNFs based on their quality performance, but not more than 50-70% of the total reduction
- CMS finalized a payback percentage of 60% of the amount withheld from SNFs' Medicare claims
- The exchange function ensures that the incentive payments paid to SNFs-do not exceed the finalized payback percentage
  - SNFs' multipliers depend on the distribution of all other SNFs' performance scores
- CMS finalized a *logistic* exchange function, or S-shaped curve, as the exchange function that will be used to translate SNF performance scores into incentive multipliers

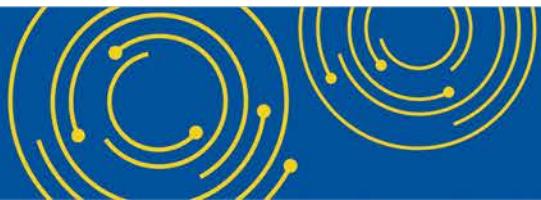
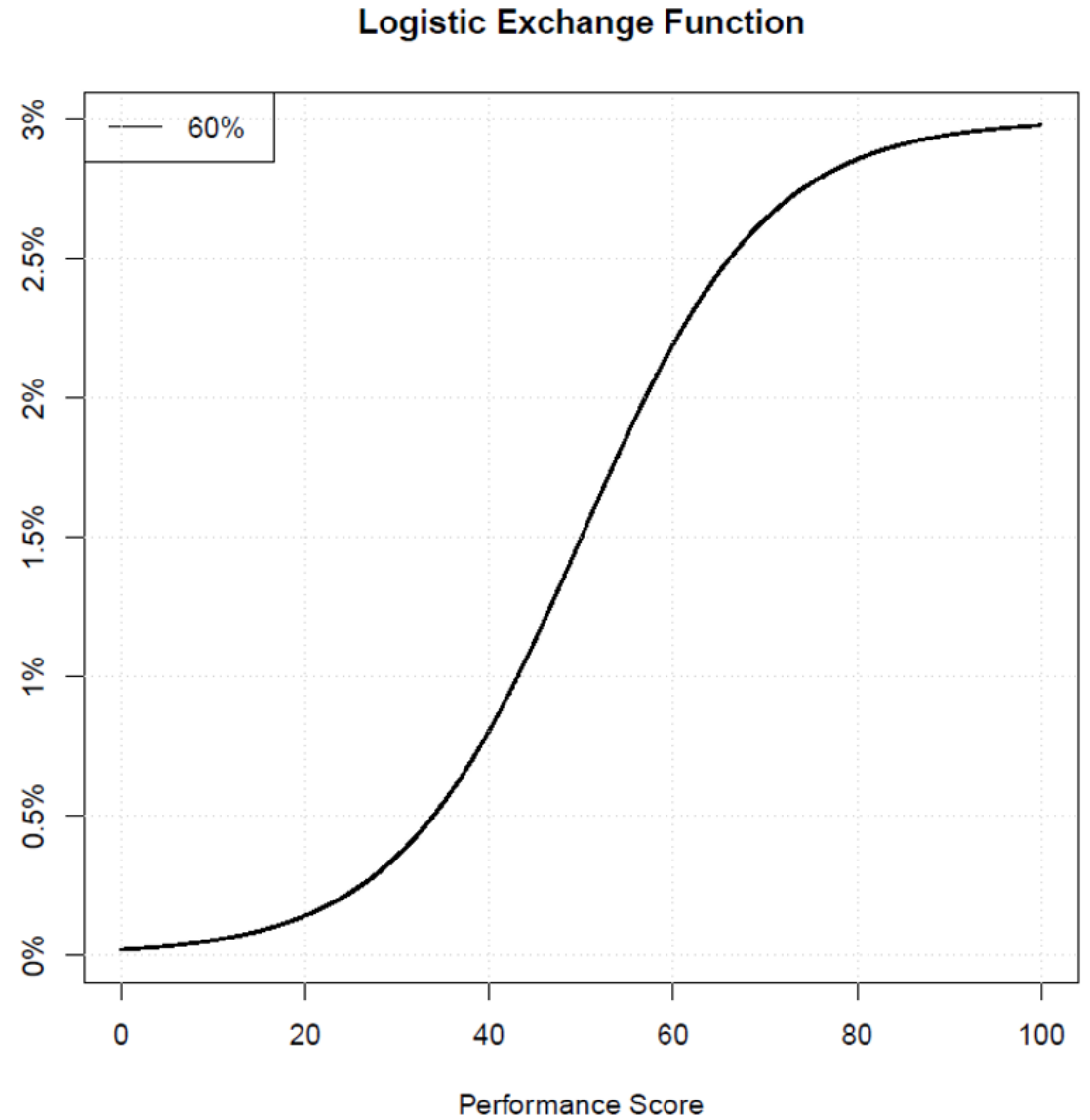


# Logistic Exchange Function

$$y = \frac{1}{1 + e^{-0.1(x_i - 50)}}$$

**Note:** This equation is used to compute the function's form, **not** to calculate incentive payments directly from a SNF performance score.

Incentive Multiplier



# Calculating the Exchange Function: Overview

- In order to calculate the exchange function, we must have both *baseline period* and *performance period* quality measure data for all SNFs, as well as the total payments
- As discussed in the FY 2018 SNF PPS rule, we will take the following steps to calculate the exchange function after computing SNF performance scores:
  1. Estimate Medicare spending on SNF services for the FY 2019 payment year;
  2. Estimate the total amount of reductions to SNFs' adjusted Federal per diem rates for that year, as required by statute;
  3. Calculate the amount realized under the payback percentage policy (i.e., 60%);
  4. Order SNFs by their SNF performance scores; and
  5. Assign an incentive multiplier to each SNF that corresponds to the point on the logistic function that corresponds to its SNF performance score.



# Calculating the Exchange Function: Step 1

- **Estimate Medicare spending on SNF services for the FY 2019 payment year**
  - We construct a payment file based on a historical time period. This payment file contains all SNFs' Medicare spending for the year in question – such as CY 2016
  - The payment file is based on SNFs' adjusted Federal per diem rates, as required by statute
  - It is not possible to calculate the exchange function without spending estimates for all 15,000+ SNFs





# Calculating the Exchange Function: Step 2

- Estimate the total amount of reductions to SNFs' adjusted Federal *per diem* rates for that year, as required by statute
  - We then estimate the pool of funds that we may use for incentive payments by summing SNFs' adjusted Federal per diem rates, then multiplying that result by 2%
  - For example, if we estimate that the total adjusted Federal per diem rates for a given year are **\$25 billion...**
    - $\$25 \text{ billion} * 2\% = \$500 \text{ million}$
    - The total pool of reductions to SNFs' Medicare payments would be \$500 million



# Calculating the Exchange Function: Step 3

- **Calculate the amount realized under the payback percentage policy (i.e., 60%)**
  - We then multiply the total amount of reductions to SNFs' Medicare payments by the finalized payback percentage
  - Example, continued:
    - $\$500 \text{ million} * 60\% = \mathbf{\$300 \text{ million}}$
    - In this example, we estimate that the total amount of incentive payments may not exceed \$300 million



# Calculating the Exchange Function: Step 4

- **Order SNFs by their SNF performance scores**
  - We place SNFs in order of their SNF performance scores from lowest to highest



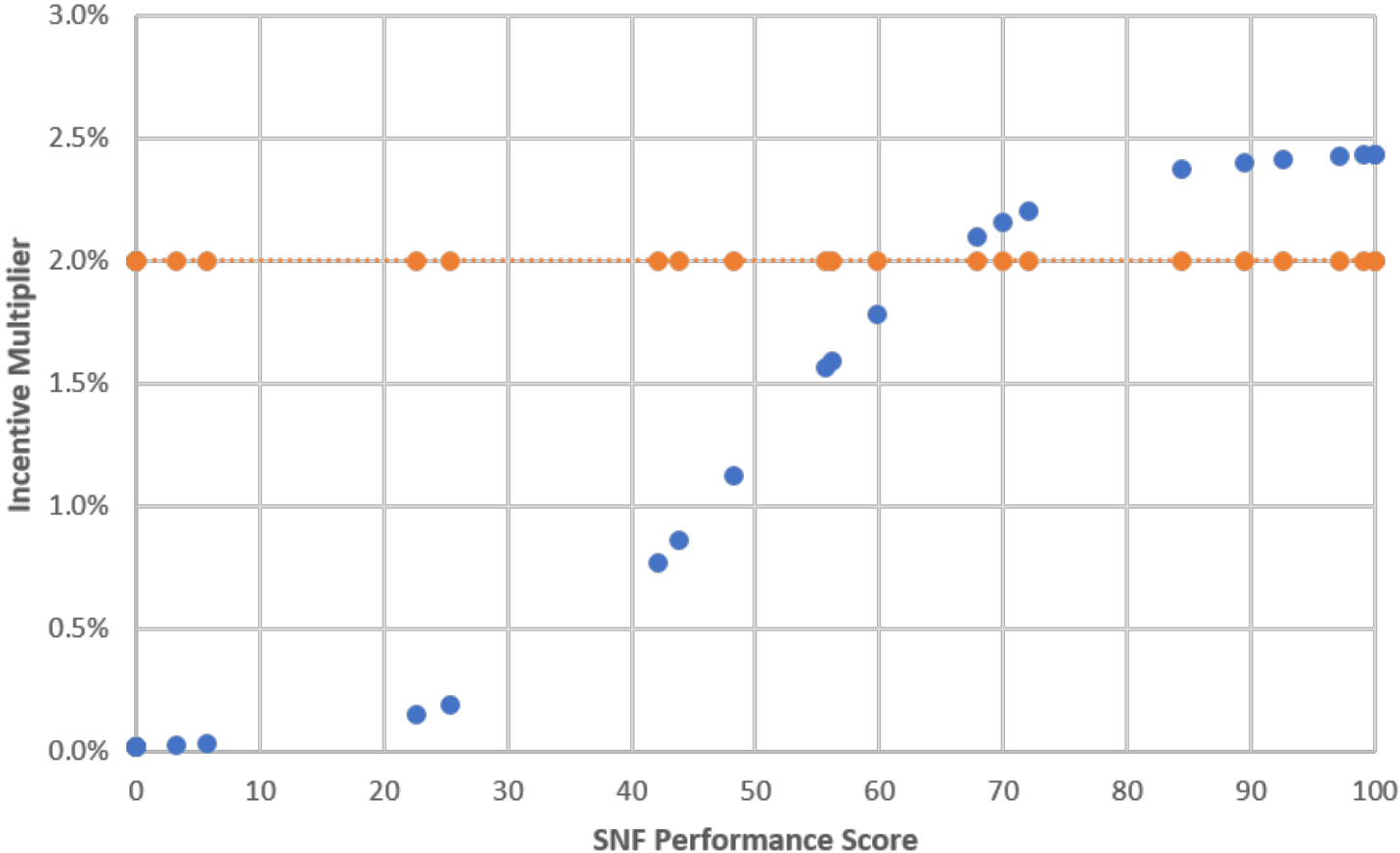
# Calculating the Exchange Function: Step 5

- **Assign an incentive multiplier to each SNF that corresponds to the point on the logistic function that corresponds to its SNF performance score**
  - Using a computer program, we assign an incentive multiplier to each SNF that reflects its SNF performance score and accounts for the total Medicare spending that we are allowed by statute to modify



# Calculating the Exchange Function: Step 5 (cont'd)

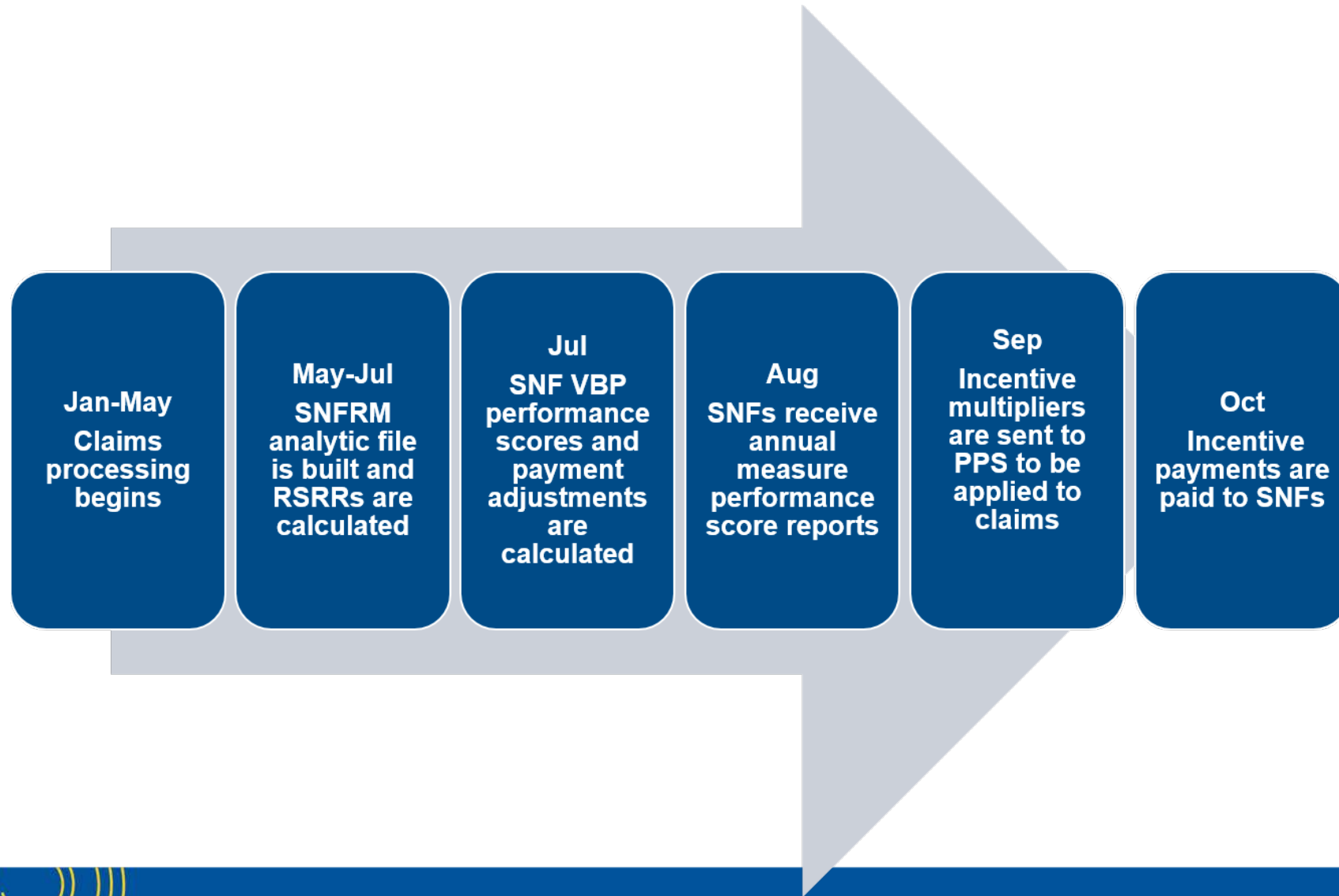
Distribution of Hypothetical SNF Performance Scores and Incentive Multipliers



**Note:** This is an example to show hypothetical SNF performance scores and incentive multipliers



# Performance Scoring and Exchange Function Milestones (CY 2018)



# Quarterly Confidential Feedback Reports

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# Quarterly Confidential Feedback Reports: Overview

- Section 1888(g)(5) of the Social Security Act requires CMS to provide quarterly confidential feedback reports to SNFs on their performance on the measures specified for the Program
- Quarterly confidential feedback reports are disseminated to SNFs via the Quality Improvement Evaluation System (QIES) and the CASPER reporting application. To obtain access to the CASPER reporting application, please contact the QTSO Helpdesk at [help@qtso.com](mailto:help@qtso.com)

<b>The Skilled Nursing Facility Value-Based Purchasing Program</b>				
<b>Quarterly Confidential Feedback Report</b>				
March 2017 (Quarter 2, FY 2017)				
<b>Facility:</b>	YOUR SNF			
<b>CCN:</b>	123456			
<b>City, State:</b>	WALTHAM, MASSACHUSETTS			
<b>Your SNF's Performance on the Skilled Nursing Facility 30-Day All-Cause Readmission Measure (SNFRM) in 2014</b>				
Measure	Your SNF's Number of Eligible Stays	Your SNF's Number of Readmissions*	Your SNF's Risk-Standardized Readmission Rate**	National Average Readmission Rate***
SNFRM	23	4	18.76 %	19.09 %

Source: Medicare claims and eligibility data from CY 2014.





# Interim Quarterly Reports

- Beginning December 2017, CMS will provide SNFs with a snap-shot of their patients' stay-level data for the first quarter of CY 2017
- These interim quarterly reports are intended to provide SNFs with a first look at their readmissions data for a portion of the performance period
- These reports contain the following data elements for each qualifying SNF-stay:
  - HICN, Sex, Age
  - Admission Date, Discharge Date and Discharge Status Code for the Index SNF Stay
  - CCN, Admission Date, Discharge Date and Principle Diagnosis for the Prior Proximal Hospital Stay
  - Whether the stay resulted in a planned or unplanned hospital readmission
  - CCN, Admission Date, Discharge Date and Principal Diagnosis for the Readmission Hospital, if applicable
- An interim quarterly report will also be provided in March 2018 and June 2018

**Note:** The data contained in the interim quarterly reports are not final and are subject to change



# Review and Corrections Process

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# Phase 1 Review and Corrections

- Limited to review and correction of SNF's RSRR

Submit request to  
SNFVBPinquiries@cms.hhs.gov  
mailbox



Correction requests to the  
contents of any quarterly report  
will be accepted until March 31  
following the report's delivery



CMS will review the request and  
notify the requesting SNF of the  
final decision



# Annual Performance Score Report: Preview

- To fulfill statutory requirements, CMS will provide SNFs with an annual confidential feedback report containing the performance information that will be made public

Potential Annual Performance Score Report Elements
Baseline Period RSRR
Performance Period RSRR
SNF Performance Score
SNF Ranking
Incentive Payment Percentage



## Phase 2 Review and Corrections

- Limited to SNFS' performance scores and ranking

Submit request to  
SNFVBPinquiries@cms.hhs.gov mailbox



Corrections must be made to the SNF  
performance score report and within 30  
days of their posting.



CMS will review the request and notify the  
requesting SNF of the final decision



# Public Reporting

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# Nursing Home Compare—CY 2015 SNFRM Data Available

- In October 2017, SNF performance data from the baseline year of the SNF VBP Program, SNFRM rates for CY 2015, was published on *Nursing Home Compare*

**Medicare.gov | Nursing Home Compare**  
The Official U.S. Government Site for Medicare

[Nursing Home Compare Home](#) [About Nursing Home Compare](#) [About the data](#) [Resources](#) [Help](#)

Home [Share](#)

Fire Safety Inspection data are still currently unavailable.

### Find a nursing home

Nursing Home Compare has detailed information about every Medicare and Medicaid-certified nursing home in the country. A nursing home is a place for people who can't be cared for at home and need 24-hour nursing care.

Search below to find nursing homes based on a location and compare the quality of care they provide and their staffing.

A field with an asterisk (\*) is required.

\* **Location**  
Example: 45802 or Lima, OH or Ohio

ZIP code or City, State or State

**Nursing home name (optional)**  
Full or partial nursing home name

**Search**

**Spotlight**

- **NEW** [View Skilled Nursing Facility \(SNF\) Value Based Purchasing \(VBP\) Program data.](#)
- Use these [helpful resources](#) when looking for a nursing home:

**Tools and Tips**

- First time here?
  - Visit [About Nursing Home Compare](#) and the [Resources](#) section to learn more about the site and available resources.
- I learn about Medicare coverage of

**Additional Information**

- **Nursing Home Compare data last updated:** September 27, 2017 (data are updated on or about the fourth Wednesday of the month).
- [Download the database](#)
- [Learn how we calculate rates](#)





# Nursing Home Compare—CY 2015 SNFRM Data Available (cont'd)

Skilled Nursing Facility Value-Based Purchasing (SNF VBP) Program - Individual Performance									
October 2017									
This is a list of SNFs participating in the SNF VBP Program and their measure performance rates and SNF VBP Program scores. Individual SNF measure performance rate information is based on SNF performance on the Skilled Nursing Facility 30-Day All-Cause Readmission Measure (S available are omitted in the dataset and noted with an asterisk.									
SNF VBP Ranking*	Provider Number (CCN)	Skilled Nursing Facility Name	Address	City	State	Zip Code	County	Baseline Period: CY 2015 Risk-Standardized Readmission Rate (%)	Performance Period: CY 2017 Risk-Standardized Readmission Rate (%)*
-	01U007	MIZELL MEMORIAL HOSPITAL	702 N MAIN ST	OPP	AL	36467	COVINGTON	20.325	-
-	01U008	CRENSHAW COMMUNITY HOSPITAL	101 HOSPITAL CIRCLE	LUVERNE	AL	36049	CRENSHAW	19.906	-
-	01U022	CHEROKEE MEDICAL CENTER	400 NORTHWOOD DR	CENTRE	AL	35960	CHEROKEE	19.413	-
-	01U032	WEDOWEE HOSPITAL	209 NORTH MAIN STREET	WEDOWEE	AL	36278	RANDOLPH	19.553	-
-	01U034	COMMUNITY HOSPITAL INC	805 FRIENDSHIP ROAD	TALLASSEE	AL	36078	ELMORE	19.533	-
-	01U044	MARION REGIONAL MEDICAL CENTER	1256 MILITARY STREET SOUTH	HAMILTON	AL	35570	MARION	19.985	-
-	01U045	FAYETTE MEDICAL CENTER	1653 TEMPLE AVENUE NORTH	FAYETTE	AL	35555	FAYETTE	17.891	-
-	01U058	BIBB MEDICAL CENTER	208 PIERSON AVE	CENTREVILLE	AL	35042	BIBB	18.751	-
-	01U059	LAWRENCE MEDICAL CENTER	202 HOSPITAL STREET	MOULTON	AL	35650	LAWRENCE	17.051	-
-	01U069	MEDICAL CENTER BARBOUR	820 W WASHINGTON ST	EUFULA	AL	36027	BARBOUR	17.947	-
-	01U073	CLAY COUNTY HOSPITAL	83825 HIGHWAY 9 P O BOX 1270	ASHLAND	AL	36251	CLAY	17.286	-
-	01U086	NORTHWEST MEDICAL CENTER	1530 U S HIGHWAY 43	WINFIELD	AL	35594	MARION	17.396	-
-	01U095	HALE COUNTY HOSPITAL	508 GREEN STREET	GREENSBORO	AL	36744	HALE	18.403	-
-	01U109	PICKENS COUNTY MEDICAL CENTER	241 ROBERT K WILSON DRIVE	CARROLLTON	AL	35447	PICKENS	21.293	-
-	01U112	BRYAN W. WHITFIELD MEMORIAL HOSPITAL	105 HIGHWAY 80 EAST	DEMOPOLIS	AL	36732	MARENGO	17.511	-
-	01U125	LAKELAND COMMUNITY HOSPITAL	42024 HIGHWAY 195 E	HALEYVILLE	AL	35565	WINSTON	17.631	-
-	01U126	TROY REGIONAL MEDICAL CENTER	1330 HIGHWAY 231 SOUTH	TROY	AL	36081	PIKE	19.299	-
-	01U128	JACKSON MEDICAL CENTER	220 HOSPITAL DRIVE	JACKSON	AL	36545	CLARKE	17.382	-
-	01U150	L V STABLER MEMORIAL HOSPITAL	29 L V STABLER DRIVE	GREENVILLE	AL	36037	BUTLER	18.514	-
-	01U158	RUSSELLVILLE HOSPITAL	15155 HIGHWAY 43	RUSSELLVILLE	AL	35653	FRANKLIN	22.858	-
-	01U169	ATMORE COMMUNITY HOSPITAL	401 MEDICAL PARK DRIVE	ATMORE	AL	36502	ESCAMBIA	20.368	-
-	015009	BURNS NURSING HOME, INC.	701 MONROE STREET NW	RUSSELLVILLE	AL	35653	FRANKLIN	20.803	-
-	015010	COOSA VALLEY NURSING FACILITY	315 WEST HICKORY STREET	SYLACAUGA	AL	35150	TALLADEGA	21.233	-
-	015012	HIGHLANDS HEALTH AND REHAB	380 WOODS COVE ROAD	SCOTTSBORO	AL	35768	JACKSON	23.115	-
-	015014	EASTVIEW REHABILITATION & HEALTHCARE CENTER	7755 FOURTH AVENUE SOUTH	BIRMINGHAM	AL	35206	JEFFERSON	19.921	-
-	015015	PLANTATION MANOR NURSING HOME	6450 OLD TUSCALOOSA HIGHWAY	P O BOX MC CALLA	AL	35111	JEFFERSON	18.037	-
-	015016	ATHENS HEALTH AND REHABILITATION LLC	611 WEST MARKET STREET	ATHENS	AL	35611	LIMESTONE	17.973	-





# Public Reporting: Preview

After August 1, 2018, SNF performance rankings will be posted on *Nursing Home Compare* and *QualityNet* and will include the following elements:

SNF VBP Public Reporting Elements
Rank
Provider ID
Facility Name
Address
Baseline Period
Performance Period
Improvement Score
Performance Score



# Future Communications Activities

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# SNF VBP Communication Channels

- Stay tuned for future SNF VBP information via the following communication channels:
  - Medicare Learning Network (MLN)
  - Twitter
  - SNF VBP Webpage on CMS.gov
  - SNF VBP Webpage on QualityNet.Org



# Question & Answer Session

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# Resources

- [SNF PPS FY 18 Final Rule](#)
- [SNF VBP Webpage](#)
- [Nursing Home Compare](#)
- [Quality Net](#)
- [Twitter](#)
- If you have additional questions, please email them to: [SNFVBPinquiries@cms.hhs.gov](mailto:SNFVBPinquiries@cms.hhs.gov)



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Share your thoughts to help us improve – [Evaluate](#) today's event

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