



Skilled Nursing Facility Value-Based Purchasing Program FY 2018 Final Rule Call

Moderated by: Hazeline Roulac
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Operator: At this time, I would like to welcome everyone to today's call – to today's Medicare Learning Network® Event. All lines will remain in a listen-only mode until the question-and-answer session.

This call is being recorded and transcribed. If anyone has any objections, you may disconnect at this time. I will now turn the call over to Hazeline Roulac. Thank you. You may begin.

Announcements & Introduction

Hazeline Roulac: Thank you, Dorothy. Hello, everyone, and thank you for joining us today. I am Hazeline Roulac from the Provider Communications Group here at CMS, and I am your moderator for this call. I would like to welcome you to this Medicare Learning Network call on the Skilled Nursing Facility Value-Based Purchasing Program Fiscal Year 2018 Final Rule.

Before we get started, we did experience a technical delay today, and I do apologize for the delay. So at this time, we'll start our call.

During this call, CMS subject matter experts review how the Skilled Nursing Facility Value-Based Purchasing Program will affect Medicare's payment to your SNF beginning October the 1st, 2018. They will also provide details on how CMS will translate SNF performance scores into value-based incentive payments and discuss policies finalized in the fiscal year 2018 final rule. A question-and-answer session follows the presentation.

As part of the registration process for this call, you were able to email your questions in advance. We want to thank everyone who submitted questions. Before the start of the question-and-answer portion of this call, our subject matter expert will address several questions that were received.

There is a slide presentation for this call. A link to the presentation was included in your call confirmation email. If you haven't already done so, you can download the presentation from the CMS website at go.cms.gov/npc. Again, that URL is go.cms.gov/npc.

So without further delay, at this time, it is my pleasure to turn the call over to our speaker, Celeste Bostic.

Celeste?

Presentation

Celeste Bostic: Thank you, Hazeline, and good afternoon, everyone. Thank you for attending today's call, and we appreciate your patience. My name is Celeste Bostic, and I am the program lead for the SNF VBP Program.

On slide 2 of this – of the presentation, we have provided a table of acronyms that will be used throughout the presentation for your reference.

On the next slide, again, I am a registered nurse and have been with the SNF VBP Program since August of 2017 and look forward to working with you all to improve the clinical outcomes for skilled nursing facility patients.



On slide 4, we have the agenda, where – on today’s call, I will provide an overview of the SNF VBP Program and the 30-Day All-Cause Readmission Measure currently in the program. We will go over how performance scores are calculated as well as how we use an exchange function to translate performance scores into incentive multipliers. We will discuss confidential quarterly feedback reports, how the review and corrections process works, and review how SNF performance will be publicly reported. Finally, we will discuss future communication activities and close with a Q&A session.

On slide 5, we have some of our key objectives for today’s call. We hope that after this presentation, participants will have a better understanding of the program and some important aspects of the program, such as the transition and performance and baseline periods that will begin in the fiscal year 2020 program and understand the interim quarterly reports that will be disseminated beginning in December as well as the review and corrections process, just to highlight a few.

On slide 6, the CMS strategic goals are focused on making health care affordable and accessible for all Americans and is built on one main goal: putting people first. The four strategic goals are empowering patients and doctors to make decisions about their health care; ushering in a new era of state flexibility and local leadership; supporting innovative approaches to improving quality, accessibility, and affordability; and improving the CMS customer experience.

Overview of the SNP VBP Program

We will now begin with a brief overview of the SNF VBP Program.

On slide 8, the SNF VBP Program is one of CMS’s value-based purchasing programs specifically for SNFs providing care for Medicare beneficiaries. The program is intended to reward the delivery of high-quality care to Medicare beneficiaries for SNFs paid under the SNF Prospective Payment System. Incentives are offered to facilities based on their performance on a specified quality measure, which aims to protect patients from the harms associated with hospital readmissions. The SNF VBP Program builds on previous Medicare quality improvement efforts both in nursing homes and in other care settings.

On the next slide, the SNF VBP Program was authorized by the Protecting Access to Medicare Act, or PAMA, for – of 2014. We’ve listed some of the program’s requirements that are detailed in PAMA here on the slide, such as 2 percent of SNFs’ Medicare payments will be withheld to fund the incentive payments, the requirement that incentive payments totaling 50 to 70 percent of the amount withheld from SNFs, and the bottom 40 percent of SNFs must receive less in incentive payments than they would otherwise receive absent the program. The program’s full legislative text may be found in sections 188(g) and (h) of the Social Security Act.

On slide 10, CMS issued a final rule outlining fiscal year 2018 policies for the SNF VBP Program. Some of those policies include finalizing the 60 percent of the money withheld from SNFs will be paid back to SNFs based on performance in the program and also the logistic exchange function, both of which we will talk more about later in the presentation.



On the next slide, we have provided a high-level overview of some upcoming program dates and periods that we would like you to be aware of. We will dive deeper into a few of these periods and dates in more detail throughout the presentation.

Just to highlight a few, the fiscal year 2020 performance period begins October 1st of 2017. The fiscal year '19 performance period ends on December 31st of 2017. You will note that there is a 3-month overlap in performance periods, which we will discuss further on the next slide.

The Phase 1 Review and Corrections Period ends on March 31st, 2018. Quarterly confidential reports will be disseminated to SNFs on a quarterly basis. We expect to disseminate these reports to SNFs in December of – excuse me – 2017, March of 2018, and June of 2018 as well as September of 2018.

Although we don't have it here on the timeline, we wanted to note that SNFs will be provided with an annual confidential feedback report containing the performance information that will be made public. This report will be disseminated to SNFs in August of 2018.

Phase 2 of the Review and Corrections Period is August 1st through August 31st of 2018. Fiscal year '19 incentive payments will begin on October 1st, 2018. That means that the multiplier that you will have the opportunity to review in your performance report will be applied to the claims submitted by your facility beginning with fiscal year 2019.

Finally, public reporting of the SNFRM performance data from calendar year 2015 was recently posted on October 1st of 2017 on Nursing Home Compare, and we anticipate publicly reporting SNFs' performance rankings sometime after August of 2018.

On slide 12, we have a table showing the performance and baseline periods for the fiscal year '19 and fiscal year 2020 payment years. The transition of the performance period and baseline period from calendar year to fiscal year was recently finalized and ensures that we are able to meet all of the program's statutorily required deadlines.

The performance period for fiscal year 2019 payments is calendar year 2017, and the baseline period is calendar year 2015. Fiscal year 2018, which is October 1st, 2017, through September 30th, 2018, will be the performance period for fiscal year 2020 payments. Fiscal year 2016, which is October 1st, 2015, through September 30th, 2016, will be the corresponding baseline period. As we noted on the previous slide, there will be an overlap of the performance period for fiscal years '19 and '20, which will be the fourth quarter of 2017.

We appreciate the comments we received from stakeholders during the fiscal year 2018 rulemaking cycle on this transition.

SNF 30-Day All Cause Readmission Measure (SNFRM)

On the next slide, we will discuss the SNF 30-Day All-Cause Readmission Measure, or the SNFRM.

On slide 14, the SNFRM was finalized in the SNF PPS Fiscal Year 2016 Final Rule. This measure evaluates the risk-standardized rate of inpatient hospital readmissions of Medicare SNF beneficiaries within 30 days of



discharge from a previous inpatient admission to a prospective payment system hospital, Critical Access Hospital, or psychiatric hospital.

There are a few key notes listed here, but I wanted to mention that readmissions within a 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 – this measure is risk adjusted based on patient demographics, principal diagnosis in prior hospitalization, comorbidities, and other health status variables that affect probability of readmission. The SNFRM excludes planned readmissions since they are not indicative of poor quality.

And we also want to note that this measure differs from the readmissions measure that is posted on Nursing Home Compare as well as the measure in the SNF Quality Reporting Program.

Performance Scoring

In the next section of the presentation, I will provide a walkthrough of the performance scoring process.

On slide 16, facilities are assigned SNF VBP performance scores based on their SNFRM risk-standardized readmission rates, or RSRRs. As a reminder, the RSRR is derived by calculating a ratio of the risk-adjusted predicted number of unplanned readmissions to the risk-adjusted expected number of unplanned readmissions. This ratio is then multiplied by the national readmission rate.

Performance scores will range from zero to 100 points, and SNFs are assigned values for their improvement from the baseline period to the performance period and their achievement in the performance period using the equations outlined in the fiscal year '17 SNF PPS Final Rule. The performance score will be the higher of a SNF's achievement or improvement score, which we will discuss more on slide 18.

On the next slide, SNFRM rates represent the percentage of qualifying patients at a facility that were readmitted within the 30-day readmission window. As you see in the example on the slide, if a SNF had a readmissions rate of 0.20449 in 2015, the inverted readmissions rate would be 0.79551. SNF performance scores are rounded to the fifth significant digit, which is the rounding policy that we finalized in this year's final rule.

On slide 18, the SNF VBP performance scoring methodology includes levels of achievement and improvement as required by statute. An achievement score is calculated by comparing your SNF's performance to all SNFs' performance from the baseline period. An improvement score is calculated by comparing your SNF's performance to your SNF's baseline period performance. We will use the higher of your achievement and improvement scores to serve as your facility's performance score.

Exchange Function

We will now discuss a critical portion of the program, the exchange function.

On slide 20, we have the definition of an exchange function, which is the way that CMS translates SNF performance scores into incentive multipliers. These multipliers are used as payment adjustments and apply



to each Medicare claim during the applicable fiscal year. By using an exchange function, we can ensure that the multipliers applied to claims total a specified amount of incentive payments made to facilities.

The next few slides will provide a brief background on the exchange function methodology and steps for calculating the logistic exchange function to match performance scores with incentive multipliers.

On the next slide, there are two statutory requirements that led to the need for an exchange function. First, we must reduce SNF Medicare payments by 2 percent. Then, we must distribute incentive payments to all SNFs based on their performance, but not more than 50 to 70 percent of the total amount withheld in the first bullet.

As the 2 percent is withheld from all SNF claims during the payment year, we finalized that 60 percent of that total will be paid back to SNFs in the form of incentive payments based on performance. We also finalized the logistic exchange function to be used for the SNF VBP Program to convert performance scores to an incentive multiplier.

I would also like to mention that in response to comments received in the fiscal year '18 rule, we plan to release a technical paper that provides additional information on the empirical analysis that led to finalizing a logistic function and details of the exchange function methodology's operation.

On slide 22, in our analysis on exchange functions, we determined that the logistic function provided the largest percentage of SNFs with net positive incentive payment. Here, we depict the logistic exchange function's S-shaped curve. And as you can see, the highest performers received the highest incentive payments while the lowest performers will receive lower multipliers and, thus, lower incentive payments.

On slide 23, in order to calculate the exchange function, you must have both baseline period and performance period measure data for all SNFs and 12 months of Medicare spending data. After computing the performance scores for all facilities, there are five steps we must follow, which we will walk through together.

Step 1 on slide 24 is to estimate Medicare spending on SNF services for the relevant payment year, which we will use fiscal year 2019 as an example. To do this, we must construct a payment file based on 12 months of SNF-adjusted Medicare per diem rates for all facilities.

Next, on slide 25, we estimate the total amount of reductions to SNFs' adjusted Federal per diem rates and multiply that by 2 percent. As we have here on the slide, if we estimate the total adjusted Federal per diem rates to be \$25 billion, we multiply that by 2 percent. Again, per statute, we must withhold 2 percent from SNFs' payments, which equals \$500 million. This is the total amount of reductions that will be made to SNFs' payments in this example.

Continuing the steps of calculating the exchange function on slide 26, we then calculate the 60-percent payback percentage. Again, we finalized that we would pay back 60 percent of the total amount withheld from SNFs based on performance. To do this, we multiply the total amount of reductions to SNFs by 60 percent. Five hundred million times 60 percent leaves us with \$300 million. We now have the total amount that incentive payments cannot exceed for a given fiscal year payment.



Now that we know how much money we will pay back in incentive payments, on slide 27, we place all SNFs in order of their SNF performance scores from lowest to highest. We are now ready to place SNFs into the logistic function and begin to convert scores into incentive multipliers.

In step 5 on slide 28, we assign an incentive multiplier to each SNF that corresponds to the point on the logistic function that matches its performance score. In this way, we will be able to distribute the \$300 million we identified earlier to all SNFs. As we also discussed earlier, PAMA requires that at least 40 percent of SNFs receive less in incentive payments than they would absent the program.

The graph on slide 29 depicts an example of SNF performance scores and incentive payment multipliers. This graph shows a hypothetical distribution of SNF performance scores and incentive multipliers. After performing additional calculations, the blue dots in the graph represent SNFs and show what incentive multiplier will be applied to their claims based on their performance score. Again, more details on this step will be provided in the technical paper that we plan to release in the next month. The orange dots represent the 2-percent break-even point above which SNFs receive more in incentive payments than is withheld from their Medicare payments. Again, this is a hypothetical distribution, which will change from year to year based on SNFs' actual performance.

On slide 30, we would like to share with stakeholders what actions will take place after the performance period for fiscal year 2019 payments, which ends on December 31st, 2017. In the graphic, we have summarized the slides that we have just discussed and provided a timeline of operations that will take place for translating performance scores into incentive payments for SNFs.

These activities will occur between January 2018 and October 2018. From January to May, claims processing will take place. This step ensures that we incorporate as many claims as possible to ensure our calculations are accurate. From May through July of 2018, the SNFRM Measure will be calculated. An analytic file will be built, and RSRRs will be calculated at this time. In July of 2018, we will calculate the SNF VBP performance scores and payment adjustments that will be applied to fiscal year 2019 claims. In August, SNFs will receive their annual performance score report. This report will provide facilities the opportunity to review their scores and incentive payment determinations before this is finalized and publicly reported. We will discuss the review process around this report in a few minutes. In September, incentive multipliers will be sent to be applied to claims for fiscal year '19. Finally, in October, SNFs will begin to receive those incentive payments.

Quarterly Confidential Feedback Reports

We will now discuss the reports that facilities will receive with measure and scoring information.

On slide 32, the SNF VBP statute requires that we provide quarterly confidential feedback reports to SNFs on their performance. As many of you know, these reports are disseminated to SNFs via the Quality Improvement Evaluation System, or QIES, and the Certification and Survey Provider Enhanced Reporting application, or CASPER.

Here, we have a snapshot of a quarterly report, which will also be accompanied by a supplemental workbook. These workbooks are Excel files that contain patient-level data for eligible stays used in the calculation of the measure.



On slide 33, to date, quarterly reports have included SNF performance based on one full year of claims data. Given that a full year's worth of data will no longer be available for every quarter, we plan to provide interim quarterly reports containing current data to inform SNFs' performance on readmission. Since these reports are interim, data contained in the reports are not final and are subject to change.

These reports, which are projected to be disseminated in December of 2017, March of 2018, and June of 2018, will contain the data elements for each qualifying SNF stay listed on the slide, such as admission and discharge date and whether the stay was planned or unplanned.

We would like to note that we have identified a coding issue in the September quarterly report, which we are in the process of correcting and notifying facilities of. So please, look out for more information about this in the coming weeks.

Review and Corrections Process

On slide 34, CMS must follow – must allow facilities the opportunity to review and correct any information contained in their quarterly report as well as their annual performance score report before this information is publicly reported on Nursing Home Compare and QualityNet. We do this in two phases.

On the next slide, we have phase 1. In this phase, facilities may submit corrections of their RSRR information contained in quarterly reports. The correction request needs to be submitted to the sfvpbpinquiries@cms.hhs.gov mailbox and will be accepted until March 31st following the report's delivery. CMS will review all requests and notify the SNF of the final decision.

On the next slide, CMS will provide SNFs with an annual confidential feedback report containing the performance information that will be made public.

On slide 36, we have a list of potential elements we think stakeholders will find helpful to have included in the performance score report. The potential elements are the baseline period RSRR, the performance period RSRR, SNF performance score, SNF ranking, and the incentive payment multiplier.

On slide 37, phase 2 of review and corrections will be limited to a SNF's performance score and ranking information reflected in the annual performance score report. Again, requests need to be submitted to the sfvpbpinquiries@cms.hhs.gov mailbox within 30 days of reports being made available. CMS, again, will review the requests and notify the SNF of the final decision.

Public Reporting

In the next section, we will review the public reporting aspect of the program.

On slide 39, we published SNFRM rates for calendar year 2015 on Nursing Home Compare in October of 2017. This data can be obtained from Nursing Home Compare under the Spotlight section, as noted in the screen shot on this slide.



On slide 40, we have a screen shot of the calendar year 2015 data file, which details measure performance information for all SNFs. This is historical performance information which will be used as the baseline period for fiscal year 2019 performance scoring.

On the next slide, after August 2018, SNF performance rankings will be posted on Nursing Home Compare and QualityNet and will include the following elements as shown here on slide 41: rank, baseline period, performance period, improvement score, and the performance score.

Future Communication Activities

On slide 42, we would like to share some additional information around future communication activities and welcome any additional recommendations from stakeholders on ways we can ensure facilities are receiving the information they need.

On slide 43, within the next month or so, we will be publishing an MLN Matters® article regarding some of the information shared in this presentation. Also, you can now find the SNF VBP Program information and updates on Twitter. So, please follow @cmsgov to see those tweets. We will also be updating the SNF VBP webpage on [cms.gov](https://www.cms.gov) as well as building out the SNF VBP website on [qualitynet.org](https://www.qualitynet.org). We will also consider providing shorter and more-focused presentations on various areas of the program so that information is easier to understand.

We appreciate everyone's attendance on today's call and as we provided an overview of the SNF VBP Program as a whole.

At this time, I will now turn the presentation back over to Hazeline to begin the Q&A portion of our call.

Question & Answer Session

Hazeline Roulac: Thank you, Celeste.

We are now ready to start our question-and-answer session. But first, Celeste will address several questions submitted during the registration process.

Celeste Bostic: Thank you.

So we received three questions in advance of this call, which I will share and provide responses to.

The first question: "How will Critical Access Hospitals that admit patients to swing beds be affected?"

Thank you for this question. The SNF VBP Program only applies to SNFs paid under the SNF Prospective Payment System. Thus, this program does not apply to swing bed units and Critical Access Hospitals as they are not paid under the SNF PPS.

The second question we received was in regards to clarifying the time period covered in the September quarterly report.



Thank you for this question. As I mentioned earlier in the presentation, we have identified a coding issue in the September report and will be sending additional communications to all SNFs regarding this issue in the coming weeks.

The last question we received was in regards to slide 11 and the performance period for fiscal year 2020.

We have updated this – the version of the slide posted. So, please make sure you have the most recent version. And to reiterate, the performance period for fiscal year 2020 began on August – excuse me – on October 1st, 2017. Thank you so much for catching that typo.

I'll turn it back over to you, Hazeline, for the rest of our Q&A.

Hazeline Roulac: Thank you, Celeste.

We are now ready to begin taking your questions. As a reminder, this event is being recorded and transcribed.

All right, Dorothy, we are ready for our first caller.

Operator: To ask a question, press star followed by the number 1 on your touch-tone phone. To remove yourself from the queue, press the pound key. Remember to pick up your handset before asking your question to ensure clarity. Once your line is open, state your name and organization. Please note your line will remain open during the time you are asking your question, so anything you say or any background noise will be heard in the conference. If you have more than one question, press star 1 to get back into the queue, and we will address additional questions as time permits. Please hold while we compile the Q&A roster.

Please hold while we compile the Q&A roster.

Your first question comes from the line of Betty Metz.

Betty Metz: Yes. Hello. I am aware of the VBP payment adjustment of minus 2 percent to be applied nationwide. I'm also aware of the QRP market basket rate of 2 percent that may also be applied to some SNFs. Is this the same 2 percent or is this an additional 2 percent when we're talking about the VBP?

Celeste Bostic: Thank you, Betty. This is Celeste. Thank you so much for your question. I have some policy and measures experts on the line that I would ask to respond to this.

Michael, would you like to respond?

Michael Lee: Certainly. This is Michael Lee from the MITRE Corporation. I'm not tremendously familiar with the QRP update. But if it's 2 percent of the market basket, that's a payment update adjustment as opposed to the SNF VBP adjustment, which is 2 percentage points of the adjusted Federal per diem amount authorized under the Social Security Act. I do think we have some other folks who may be more familiar with QRP on the line. That's my initial read.



Laurie Coots: Hi. This is Laurie Coots from RTI International. It is correct that they are – both programs are associated with 2 percent. However, the programs are unrelated. And as Celeste outlined in today's presentation, the SNF Value-Based Purchasing Program is required by the Protecting Access to Medicare Act of 2014 whereas the SNF Quality Reporting Program was required under the Affordable Care Act. So it just happens to be that each program uses 2 percent. Hope that helps.

Dr. Mel Ingber: It's a coincidence that it's 2 percent.

Celeste Bostic: All right. Great. Thank you so much.

Operator: Your next question comes from the line of Kati Presas.

Kati Presas: Hi. My name is Kati. I am calling to get clarification regarding the exclusions for the SNF Value-Based Purchasing. In the exclusions in the report, it talks about multiple SNF readmissions between the proximal hospitalization within the 30-day risk window. So, if you have a resident that is – goes back and forth to the hospital due to acute illness two or three times, is that resident excluded from the SNF readmission number?

Celeste Bostic: Hi, Kati. This is Celeste. Thank you so much for your question.

RTI, would you like to respond?

Laurie Coots: Sure. Thank you. This is Laurie Coots from RTI. So the short answer is that it depends. I think, as you alluded to, there are a number of inclusion and exclusion criteria associated with the measure. And so for that reason, it's a bit difficult to say with certainty how this example scenario would be handled because, you know, to some extent, it depends on the timeframes and the reasons for various admissions, and so forth. But if you wouldn't mind, we could direct you to additional information via the help desk. So if you'd like to follow up with us, we can kind of walk through some scenarios for you just to help illustrate how some of these exclusions work.

Operator: As a reminder, in order to ask a question, please press star then the number 1 on your telephone keypad.

Your next question comes from the line of Blake Morphis.

Blake Morphis: Hi. Yes. I had, actually, kind of a same type of question. I was just wondering if a patient that is readmitted to a hospital within 30 days – does – when they're discharged from the hospital, does that start a new 30-day window or can it only count once during the 30-day – the original 30-day window?

Celeste Bostic: Hi, Blake. This is Celeste. We can – if you forward your question to the SNF VBP mailbox, we can provide some additional clarification.

But, RTI, do you have an initial response?



Laurie Coots: Yes. So this is Laurie Coots from RTI. The 30-day readmission windows can't overlap. So I'm not quite sure if I was following your question. But it isn't possible to kind of have the same readmission window overlap with – for the same patient.

Dr. Mel Ingber: This is Mel Ingber. Laurie, do you mind? I think we're talking about an index stay that, in the window following – within that 30-day window, probably, you know, there is a discharge to a hospital. And we count – if that occurs, we count that one, and we don't look further into that particular window. For the hospital, they've got an issue in which they have a window that's starting for them in an entirely different measure. And if there were yet another SNF stay after that, that would be yet another index stay. So we look only as far as that first readmission in the first window for that first index stay, if that's helpful.

Operator: Your next question comes from the line of Susie Harvey.

Susie Harvey: Yes. You had stated previously that the swing bed Critical Access Hospitals were not going to be affected. What about rural PPS hospitals? They're not on Nursing Home Compare. Would they still be impacted by the Value-Based Purchasing Program?

Celeste Bostic: Hi, Susie. This is Celeste. Thank you so much for your question.

Michael Lee, if you don't mind responding?

Michael Lee: Certainly. This is Michael Lee from MITRE. I don't believe rural PPS hospitals would be on Nursing Home Compare in either case, but if their readmissions to those hospitals should be captured in the claims data that we analyze for purposes of this program.

Dr. Mel Ingber: This is Mel Ingber from RTI again. The law, as I understand it, is that if you are covered by the Prospective Payment System, your payments are affected by this. The reporting – public reporting is a separate issue. So, unless CMS has something else, I think, yes, they're covered by Value-Based Purchasing.

Celeste Bostic: Thank you. And this is Celeste. Susie, if you don't mind sending your question to the SNF VBP inquiries mailbox, we can ensure that we get you a very clear answer. Thank you.

Operator: Your next question comes from the line of Stefanie Corbett.

Stefanie Corbett: Hi. Just a quick question. Can you clarify the enrollment process? I understand that information is being reported for all facilities. But is this an optional program for facilities that want to take advantage of an incentive? And, if so, is there a process for facilities to perhaps enroll or disenroll?

Celeste Bostic: Thank you, Stefanie, for your question.

Michael Lee, would you like to respond?



Michael Lee: Certainly. Thank you, Celeste.

Again, this is Michael Lee. The program is not optional, in that the Social Security Act directs the administration to make value-based incentive payments to all SNFs, which I believe is interpreted as skilled nursing facilities that are paid under the Medicare PPS. So, SNFs that are participating in Medicare will also be participating in the SNF VBP Program.

Operator: Your next question comes from the line of Linda Kipp.

Ms. Kipp, your line is open.

Linda Kipp: Thank you. I'm trying to find out how the SNF VBP will impact payments made by Medicare Advantage plans to SNFs.

Celeste Bostic: Thank you, Linda.

Michael Lee, do you want to respond?

Michael Lee: Certainly. The SNF VBP Program is only – it only affects payments under the prospective payment system. So, Medicare Advantage plans don't pay providers that way, and, thus, MA enrollees won't have their payments on their behalf affected.

Operator: As a reminder, in order to ask a question, please press star then the number 1 on your telephone keypad.

You have a followup question from the line of Susie Harvey.

Susie Harvey: Yes. When you were talking about the performance scoring and the function milestones, you were talking about the January to May claim processing begins. How are facilities that are maybe not up to date or might be behind in their claims processing—how will that impact their SNF Value-Based Purchasing performance scores and the ultimate incentive payments?

Celeste Bostic: Hi, Susie. Thank you. This is Celeste. That's a really excellent question. Thank you.

RTI, would you like to provide a response?

Laurie Coots: Sure. This is Laurie Coots from RTI. I suppose the answer would depend on how behind the SNF was on filing claims. But part of why we take into account this period is not only to ensure that we have the 30-day period for any readmissions that might take place spilling over into the next calendar year but also to allow a sufficient time for things to be submitted and for the particular file that we use to be created by CMS.

Operator: Your next question comes from the line of Nichole Pelerine.



Nichole Pelerine: Hi there. I'm looking at the illustration on slide 29. And this sort of appears that the top performers are earning somewhere between zero and a half a percent gain on their performance. Is there a range or a cap on what the facilities can earn over and above earning back that 2 percent?

Celeste Bostic: Hi, Nichole. This is Celeste. Thank you for your question.

Michael, would you be able to provide a response?

Michael Lee: Certainly. This is Michael Lee at the MITRE Corporation. There's not a formal cap on the incentive payments that top-performing SNFs can receive. But, there's sort of a methodological one in that the exchange function is limited to dispersing the amount of – the total amount of incentive payments specified by statute.

So, in the fiscal – excuse me – fiscal '19 SNF PPS rule, we discussed – fiscal '18 rule – excuse me – CMS discussed adopting a payback percentage of 60 percent on the logistic exchange function. And all of the incentive payments paid to all SNFs over the course of the fiscal '19 program year need to equal that 60 percent as estimated by the Secretary. The actual distribution of incentive payments and incentive payment percentages depends entirely on the distribution of SNF performance scores that result during the performance period and baseline period. So apologies if that's too much detail, but the short answer is that there's not a formal cap but the exchange function will limit the total amount of incentive payments, which will thereby limit incentives to all SNFs.

Operator: Your next question comes from the line of Mike Hensley.

Mike Hensley: Hi. I have a kind of two-part question. I know that the Medicare Advantage patients are not included, but what about ACO and BPCI participants? And in terms of the – if they are included, the incentive payments—do they impact the incentives for the ACOs and the bundled providers?

Celeste Bostic: Hi, Mike. This is Celeste. Thank you for your question.

Michael, would you like to clarify again?

Michael Lee: So, Celeste, I think you would want to definitely ask for that question to be sent in as well. My understanding is that, if to the extent beneficiaries enrolled with providers that are participating in those models are still paid under the PPS, the incentive payment percentages would still be applied to those claims. But that's something we may need to confirm and check into.

Celeste Bostic: Okay, great. So this is Celeste. Mike, if you don't mind, please submit that question to the SNF VBP inquiries mailbox, and we'll be sure to get you a response. Thank you.

Operator: And there are no further questions at this time.



Additional Information

Hazeline Roulac: Thank you, Dorothy.

Excuse me. Since there are no more questions, we will end this call. If we did not get to your question, you can email it to the address listed on slide 45. Also on that slide, you will see a list of resources available to you. For information on evaluating today's call, see slide 46. We hope you will take a few moments to evaluate your experience today.

If you missed any information presented today or would like to review again, an audio recording and written transcript of today's call will be posted to the CMS website in approximately 2 weeks.

Again, my name is Hazeline Roulac. I want to thank our presenters and also thank you for joining today's Medicare Learning Network call on Skilled Nursing Facility Value-Based Purchasing Program Fiscal Year 2018 Final Rule. Have a great day, everyone.

Operator: Thank you for participating in today's conference call. You may now disconnect. Presenters, please hold.