This infographic describes how performance scores and incentive payment multipliers are calculated for the FY 2023 Skilled Nursing Facility Value-Based Purchasing Program (SNF VBP) Program year. As described in Step 1 below, CMS suppressed the use of SNF readmission measure data for purposes of FY 2023 scoring and payment adjustments in the FY 2023 SNF VBP Program year because the continuing effects of the COVID-19 public health emergency on the data used to calculate the Skilled Nursing Facility Readmission Measure inhibited CMS’s ability to make fair national comparisons of SNFs’ performance.

**CALCULATE RISK-STANDARDIZED READMISSION RATES (RSRRs)**

The SNF VBP Program awards incentive payments to SNFs based on their performance as measured by the Skilled Nursing Facility Value-Based Purchasing Program (SNF VBP) Performance Standards for the Fiscal Year 2023 Program Year (FY 2023). SNFs receiving full federal per diem payments (normalizing the performance score to the 14.761 threshold for the FY 2023 Program Year) before these SNFs will receive their full federal per diem rate. SNFs that did not meet the SNFRM’s case minimum (25 or more eligible stays) in the performance period will be treated at the average SNF.

**PREDICTED # OF READMISSIONS**

Calculated readmission rates use the SNFRM model to predict the number of readmissions that each SNF had during the baseline period. The baseline period for the SNFRM is the FY 2019 Program year.

**EXTRACTED FORMULA**

$\text{Predicted # of Readmissions} = \frac{\sum \text{实际 readmissions} \times \text{SNFRM model coefficients}}{\text{Baseline period SNFRM model coefficients}}$

**CALCULATE RISK-STANDARDIZED READMISSION RATES (RSRRs)**

RSRRs are calculated by dividing each SNF’s predicted readmissions by the expected readmissions for all SNFs. SNFRM RSRRs range from 0 to 1.

**EXTRACTED FORMULA**

$$RSRR = \frac{\text{Predicted # of readmissions}}{\text{Expected # of readmissions}}$$

**CALCULATE A SCALING FACTOR**

The scaling factor is calculated using the following formula:

- Step 1: Calculate the Scaling Factor

$$\text{Scaling Factor} = e^{0.02 \times \text{RSRR} \times (1 - 0.20687)}$$

- Step 2: Incentive Payment Multiplier

$$\text{Incentive Payment Multiplier} = 1 + \text{Scaling Factor}$$

**Determine the Incentive Payment Pool**

The incentive payment pool is calculated as follows:

- Step 1: Calculate the Incentive Payment Pool

$$\text{Incentive Payment Pool} = 0.2% \times \text{SNF Medicare FFS Part A payments} \times 0.5 - 0.7$$

- Step 2: Payments

$$\text{Incentive Payment Pool} = 0.2% \times \text{SNF Medicare FFS Part A payments} \times 0.5 - 0.7$$

**Determine Each SNF’s Incentive Payment Adjustment**

Each SNF’s incentive payment multiplier accounts for the 2 percent withheld and the 60 percent payback percentage for the FY 2023 SNF VBP Program Year.

- Step 1: Calculate the Incentive Payment Multiplier

$$\text{Incentive Payment Multiplier} = \text{Incentive Payment Adjustment} \times \text{Scaling Factor}$$

- Step 2: Adjusted Incentive Payment Multiplier

$$\text{Adjusted Incentive Payment Multiplier} = \frac{\text{Incentive Payment Multiplier}}{1 - 0.02}$$

**Example**

SNF A’s baseline RSRR: 0.9920000000

SNF A’s performance score is 99.2%

SNF A’s Scaling Factor: 0.9920000000

SNF A’s adjusted incentive payment multiplier: 0.9920000000

SNF A’s incentive payment adjustment: 0.00000

SNF A’s incentive payment is $0.00000.