Skilled Nursing Facility Value-Based Purchasing (SNF VBP) Program

Outpatient Quality Program Systems and Stakeholder Support Team

Overview of SNF VBP Program Finalized Policies from the FY 2024 SNF PPS Final Rule

Presentation Transcript

Speaker

Chris Palmer
Program Coordinator, SNF VBP Program
Division of Chronic and Post Acute Care (DCPAC)
Quality Measurement and Value-Based Incentives Group (QMVIG)
Center for Clinical Standards and Quality (CCSQ)
Centers for Medicare & Medicaid Services (CMS)

Moderator

Donna Bullock, MPH, RN
SNF VBP Program Lead
Outpatient Quality Program Systems and Stakeholder Support Team

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Donna Bullock: My name is Donna Bullock. I am the SNF VBP Lead for the Outpatient Quality Program Systems and Stakeholder Support Contractor. I will be the moderator for today's event. Before we begin, I would like to make a few announcements. This program is being recorded and will be available in the SNF VBP section of the Quality Reporting Center website in the upcoming weeks. That website is www.QualityReportingCenter.com. If you registered for this event, a link to the slides was sent out a few hours ago. If you did not receive that email, you can download the slides using the link in the Handout section or from the Quality Reporting Center website. As time permits, there will be a question-and-answer session at the conclusion of today's webinar. This webinar has been approved for one continuing education credit. More information will be provided at the conclusion of the event.

Our speaker today is Chris Palmer, SNF VBP Program Coordinator, Division of Chronic and Post Acute Care, Quality Measurement and Value-Based Incentives Group, Center for Clinical Standards and Quality, Centers for Medicare & Medicaid Services.

This event will provide an overview of the major finalized provisions in the fiscal year 2024 SNF Prospective Payment System final rule for the SNF VBP Program.

At the end of this presentation, participants will be able to locate the fiscal year 2024 SNF PPS Final Rule text and identify finalized policy updates for the SNF VBP Program within the rule.

These acronyms may be used in this presentation.

I would now like to turn the presentation over to our speaker, Chris Palmer. Chris, the floor is yours.

Chris Palmer: Thanks, Donna. Good afternoon, everyone. I would like to thank all of you for joining us today for the Overview of the SNF VBP Policies from the FY 2024 SNF PPS Final Rule.

We will begin with a review of the program's origin and the current program. We will then discuss the policies for the upcoming program years, all of which are included with greater detail in the FY 2024 SNF PPS final rule.

Section 215 of the Protecting Access to Medicare Act of 2014, PAMA, established the SNF VBP Program. The program awards incentive payments to SNFs for quality of care provided to Medicare beneficiaries measured by the 30-Day All-Cause Readmission Measure, the SNFRM. SNF VBP Program began awarding incentive payments in FY 2019.

PAMA specifies that, under the SNF VBP Program, SNFs are evaluated by their performance on a hospital readmission measure; are scored on both improvement and achievement; receive quarterly confidential feedback reports containing information about their performance; and earn incentive payments based on their performance. All SNFs paid under Medicare's SNF PPS are included in the SNF VBP Program.

The Achievement Score are points that are awarded by comparing the facility's rate during the performance period with the performance of all SNF facilities nationally during the baseline period through the performance standards. A SNF will get 0 points if their rate is worse than achievement threshold. A SNF will get 0 to 100 points if their rate equal to or better than achievement threshold, but worse than benchmark, using the achievement formula. A SNF will get 100 points if their rate is better or equal to the benchmark. Note that SNFs with fewer than 25 eligible stays during the performance period will be excluded from the SNF VBP Program for the FY 2024 program year.

The Improvement Score are points awarded by comparing the facility's rate during the performance period with its own previous performance during the baseline period. A SNF will get 0 points if their rate is worse than own baseline period RSSR. A SNF will get 0 to 90 points if their rate is better than own baseline period rate, but worse than the benchmark, using the improvement formula.

A SNF will get 90 points if their rate is better than own baseline period rate and better than the benchmark rate. Note that SNFs with fewer than 25 eligible stays during the baseline period will not receive an improvement score and will be scored on achievement only.

The greater of a SNFs achievement and improvement scores becomes the SNF's Performance Score. The maximum SNF Performance Score is 100 points.

Each SNF's performance score is transformed into an incentive payment multiplier using a logistic, or S-shaped, exchange function, which is used to calculate the SNF's incentive payment that is included on each Medicare claim. For this year, the level of the incentive is based on the redistribution of 60% of the 2% withhold from all SNF Part A Fee for Service Medicare payments.

For example, if a SNF's multiplier was greater than 1, the SNF would earn more than their 2% withhold. If the SNF's multiplier was equal to 1, the SNF would earn the full 2% withhold. If the SNF's multiplier was less than 1, the SNF would receive less than the 2% withhold. More detail about the original program can be found on the SNF VBP webpage.

As a reminder, the FY 2023 SNF PPS final rule added three new measures to the SNF VBP Program, in addition to the SNFRM, two measures, beginning with the FY 2026 SNF VBP Program year, the SNF Healthcare-Associated Infections Requiring Hospitalization, or SNF HAI, measure and the Total Nursing Hours per Resident Day Staffing, or Total Nurse Staffing, measure. One measure will begin in the FY 2027 SNF VBP Program year, the Discharge to Community–Post-Acute Care Measure for Skilled Nursing Facilities, or DTC PAC SNF measure.

We will now provide an overview of the major finalized proposals for the SNF VBP Program that are included in the Fiscal Year 2024 SNF PPS final rule.

On August 7, 2023, CMS published the FY 2024 SNF PPS final rule that updated policies for the SNF VBP Program.

You can use the link to access this rule on the *Federal Register* website; the SNF VBP information is on pages 53276 through 53326. In the FY 2024 rule, CMS finalized the adoption of four new quality measures, the replacement of one quality measure, Case Minimum and Measure Minimum policies, the Application of the SNF VBP Scoring Methodology to Proposed Measures, the incorporation of a Health Equity Adjustment, as well as updated validation processes.

The four new quality measures being added to the SNF VBP Program are the Total Nursing Staff Turnover Measure beginning in FY 2026 program year; the Percent of Residents Experiencing One or More Falls With Major Injury, Long-Stay, measure in FY 2027 program year; the Discharge Function Score for SNFs also beginning with the FY 2027 program year; the Number of Hospitalization per 1,000 Long Stay Resident Days measure, also beginning in the FY 2027 program year.

Nursing home staffing, including nursing staff turnover, has long been considered an important indicator of nursing home quality. There is considerable evidence demonstrating the impact of nursing staff turnover on resident outcomes, with higher turnover associated with poorer quality of care. Longer-tenured nursing staff are more familiar with the residents and are better able to detect changes in a resident's condition. They are also more acclimated to their facility's procedures and, thus, operate more efficiently. In contrast, higher nursing staff turnover can mean that nursing staff are less familiar with resident needs and facility procedures, which can contribute to lower quality of care. In light of the strong association between high nursing staff turnover rates and negative resident outcomes, including the Nursing Staff Turnover measure in the SNF VBP Program helps provide a comprehensive assessment of the quality of care provided to residents. This measure would also drive improvements in nursing staff turnover that are likely to translate into positive resident outcomes. The measure is calculated using auditable, electronic staffing data submitted by each SNF for each quarter through the Payroll Based Journal (PBJ) system.

We will calculate the Nursing Staff Turnover measure in the SNF VBP Program using the following formula on the screen.

The Nursing Staff Turnover measure is calculated using six consecutive quarters of PBJ data. Data from a baseline quarter, along with the first two quarters of the performance period, are used for identifying employees who are eligible to be included in the measure, the denominator. The four quarters of data, Q1 through Q4 of the performance period, are used for identifying the number of employment spells, defined as a continuous period of work that ended in turnover, or numerator. Data from the fifth quarter, which occurs after the four-quarter numerator period, are used to identify gaps in days worked that started in the last 60 days of the fifth quarter used for the measure. To calculate the measure score, we first determine the measure denominator by identifying the total number of employment spells, defined as a continuous period of work. For example, for the FY 2026 program year, the denominator will be calculated as the number of eligible employees who worked 120 or more hours in a 90-day period with the first workday of the 90-day period occurring in FY 2023 Q4, the quarter prior to the start of the performance period through FY 2024 Q2, the first 2 quarters of the performance period, or July 1, 2023 through March 31, 2024. The numerator is calculated as the total number of eligible employees who had a 60-day gap from October 1, 2023, through September 30, 2024, during which they did not work. Data from FY 2025 Q1, defined as Q5 above, is also used to identify gaps that start within 60 days of the end of the performance period, August 2, 2024, through September 30, 2024.

In 2016, nearly 30,000 U.S. residents aged 65 years and older died as the result of a fall, resulting in an age-adjusted mortality rate of 61.6 deaths per 100,000 people. This represents a greater than 30% increase in fall-related deaths from 2007. Fall-related emergency department visits are estimated at approximately 3 million per year. The U.S. spends about $50 billion on medical costs related to non-fatal fall related injuries and $754 million on medical costs related to falls annually. Of the amount paid on non-fatal fall injuries, Medicare pays approximately $29 billion. Given the effects of falls with major injury, preventing and reducing their occurrence in SNFs is critical to delivering safe and high-quality care.

We believe the Falls with Major Injury, Long-Stay, measure aligns with this goal by monitoring the occurrence of falls with major injury and assessing SNFs on their performance on fall prevention efforts.

The Falls with Major Injury, Long-Stay, measure is an outcome measure that reports the percentage of long-stay residents in a nursing home who have experienced one or more falls with major injury using one year of data from the Minimum Data Set, or MDS, 3.0. Major injuries include bone fractures, joint dislocations, closed head injuries with altered consciousness, and subdural hematomas. Although it is a long-stay measure, we believe that including a long-stay measure in the SNF VBP Program is appropriate because it would better capture the quality of care provided to the entirety of the population that resides in facilities that are dually certified as SNFs and nursing facilities, including long-stay residents who continue to receive Medicare coverage for certain services provided by nursing facilities.

Impaired functional capacity is associated with poorer quality of life and an increased risk of all-cause mortality, postoperative complications, and cognitive impairment. The DC Function measure is an outcome measure that estimates the percentage of SNF residents who meet or exceed an expected discharge score during the reporting period. Its numerator is the number of SNF stays with an observed discharge function score that is equal to or higher than the calculated expected discharge function score. The observed discharge function score is the sum of individual function items at discharge and is computed by risk adjusting the observed discharge function score for each SNF stay. Risk adjustment controls for resident characteristics, such as admission function score, age, and clinical conditions. The denominator is the total number of SNF stays with a MDS record in the measure target period, which is four rolling quarters, which do not meet the measure exclusion criteria. This measure is also adopted for the SNF Quality Reporting Program.

Studies have found that many unplanned hospitalizations could have been safely avoided by early intervention by the facility.

Facilities with lower hospitalization rates tend to perform better on dimensions of quality, such as health inspection survey results, staffing levels, other quality measures, and overall ratings. This measure is calculated using Medicare Fee for Service claims data. We use the inpatient hospital claims data to determine the hospital admission, outpatient hospital claims data to determine the outpatient observation stay, and items from the Minimum Data Set for building resident stays and for risk-adjustment. Similar to the other long-stay measure we believe that including this in the SNF VBP Program is appropriate because it helps capture the quality of care provided to the entirety of the population.

The table on this slide summarizes the performance periods and baseline periods for the Nursing Staff Turnover, Falls With Major Injury, DC Function, and Long Stay Hospitalization Measures. As previously noted, the Nursing Staff Turnover measure will begin in program year FY 2026, while the Falls with Major Injury, DC Function measure, and Long Stay Hospitalization measures will all begin in program year FY 2027.

This slide provides the list of all the currently adopted and newly adopted measures for the SNF VBP Program. Beginning with the FY 2024 performance period, SNF data will be collected for four measures: the SNFRM, SNF HAI, Total Nurse Staffing, and Nursing Staff Turnover measures. Beginning with the FY 2025 performance period, SNF data will be collected for eight measures: the SNF HAI, Total Nurse Staffing, Nursing Staff Turnover, DC Function, Falls with Major Injury, Long Stay Hospitalization, DTC PAC SNF, and SNF WS PPR measures. Performance on the first seven measures would affect SNF payment in the FY 2027 program year. Since the DTC PAC SNF and SNF WS PPR measures are 2-year measures, performance on those measures would affect SNF payments in the FY 2028 program year. Finally, there is no additional burden on SNFs to submit data on these measures for the SNF VBP Program.

The SNF WS PPR measure estimates the risk-standardized rate of unplanned, potentially preventable readmissions that occur during SNF stays among Medicare Fee for Service beneficiaries.

Specifically, this outcome measure reflects readmission rates for residents who are readmitted to a short-stay acute-care hospitals or long-term care hospitals with a principal diagnosis considered to be unplanned and potentially preventable while within SNF care.

The measure is risk-adjusted and calculated using two consecutive years of Medicare Fee for Service claims data. Because this measure focuses on potentially preventable and unplanned readmissions, we do not count planned readmissions in the numerator. Further, because we consider readmissions to inpatient psychiatric facilities to be planned, they are also not counted in the numerator. Because the SNF WS PPR measure is calculated entirely using administrative data, our adoption of the measure won't impose any additional data collection or submission burden for SNFs.

This table summarizes the performance periods and baseline periods for the SNF WS PPR measure beginning with the FY 2028 SNF VBP Program year.

As discussed previously, the first performance period for the SNF WS PPR measure will be October 1, 2024, through September 30, 2026, FY 2025 and FY 2026. We will replace the SNFRM with the SNF WS PPR beginning with the FY 2028 program year. Therefore, the last program year that would include the SNFRM will be FY 2027. The last performance period for the SNFRM will be FY 2025, and the last baseline period will be FY 2023. While the first baseline period for the SNF WS PPR will be October 1, 2021, through September 30, 2023, FY 2022 and FY 2023. We note that, because the SNF WS PPR measure is a 2-year measure while the SNFRM is a 1-year measure, the data used to calculate the baseline and performance period for the SNF WS PPR measure for the FY 2028 program year will include data that are also used to calculate the baseline and performance periods for the SNFRM for the FY 2027 program year. This overlap is necessary to ensure that we can transition from the SNFRM to the SNF WS PPR seamlessly, without any gaps in the use of either measure.

We will now go over the performance standards of the new measures.

In the FY 2023 SNF PPS final rule, we adopted two new quality measures for the FY 2026 program year: SNF HAI and Total Nurse Staffing measures. In this year's final rule, we are also finalized adoption of the Nursing Staff Turnover measure beginning with the FY 2026 program year. We are finalizing that the performance period for the Nursing Staff Turnover measure for the FY 2026 program year will use FY 2024 data, and the FY 2026 program year will consist of four measures: SNFRM, SNF HAI, Total Nurse Staffing, and Nursing Staff Turnover measures. As a reminder, the achievement threshold is the 25th percentile of all SNF performance on the measure during the baseline period, and the benchmark is the mean of the top decile of all SNF performance on the measure during the baseline period. The final numerical values for the FY 2026 program year performance standards are shown in Table 17.

In the FY 2023 SNF PPS final rule, we adopted the DTC PAC SNF measure beginning with the FY 2027 program year. In last year's final rule, we also finalized that the baseline and performance periods for the DTC PAC SNF measures would be two consecutive years and that FY 2024 and FY 2025 would be the performance period for the DTC PAC SNF measure for the FY 2027 program year. The final numerical values for the DTC PAC SNF measure for the FY 2027 program year performance standards are shown in Table 18. We note that we will provide the estimated numerical performance standard values for the remaining measures applicable in the FY 2027 program year in the FY 2025 SNF PPS proposed rule.

In the FY 2023 SNF PPS final rule we finalized several scoring methodology policies to accommodate the addition of new measures to the Program, including case minimum and measure minimum policies, updates to the scoring policy for SNFs without sufficient baseline data, removal of the low-volume adjustment policy, and a measure-level and normalization scoring policy.

In this year's rule, we have adopted the Nursing Staff Turnover measure beginning with the FY 2026 program year. The Falls with Major Injury, DC Function, and Long Stay Hospitalization measures begin with the FY 2027 program year, and the SNF WS PPR measure begins with the FY 2028 program year. We have finalized case minimums for the new measures and updated the previously finalized measure minimum for the FY 2027 program year.

The finalized measure minimum during the performance period include this: For the Nursing Staff Turnover measure, SNFs must have a minimum of one eligible stay during the 1-year performance period and at least five eligible nursing staff, registered nurses, licensed practical nurses, and nurse aides, during the three quarters of PBJ data included in the measure denominator. SNFs must meet both of these requirements in order to be eligible to receive a score on the measure. For the Falls with Major Injury, Long Stay, measure, SNFs must have a minimum of 20 residents in the measure denominator during the 1-year performance period to be eligible to receive a score on the measure for the applicable fiscal program year. For the Long Stay Hospitalization measure, SNFs must have a minimum of 20 eligible stays during the 1-year performance period. For the DC Function measure, SNFs must have a minimum of 20 eligible stays during the 1-year performance period. During the SNF WS PPR measure, SNFs must have a minimum of 25 eligible stays during the 2-year performance period.

In the FY 2023 SNF PPS final rule, we finalized the measure minimum for the FY 2026 program year. Specifically, we finalized that, for the FY 2026 program year, SNFs must report the minimum number of cases for two of the three measures during the applicable performance period to receive a SNF Performance Score and a value-based incentive payment. Although finalizing the Nursing Staff Turnover measure beginning with the FY 2026 program year will increase the total number of measures applicable in FY 2026, we believe that our previously finalized minimum of two measures for FY 2026 remains sufficient. SNFs must report the minimum number of cases for two of the four measures during the performance period to be included in the FY 2026 program year.

In the FY 2023 SNF PPS final rule, we also finalized the measure minimum for the FY 2027 program year. We finalized that for the FY 2027 program year, SNFs must report the minimum number of cases for three of the four measures during the performance period to receive a SNF Performance Score and value-based incentive payment. We mentioned that we are adopting three additional measures beginning with the FY 2027 program year as part of this year's final rule, Falls with Major Injury, DC Function, and Long Stay Hospitalization measures. This will bring the SNF VBP Program to a total of eight measures for the FY 2027 program year. Given the number of changes applicable to FY 2027, we are updating the minimum to the FY 2027 program year. For the FY 2027 program year, SNFs must report the minimum number of cases for four of the eight measures during the performance period to receive a SNF Performance Score and value-based incentive payment. SNFs that do not meet these minimum requirements will be excluded from the FY 2027 program and would receive their full Federal per diem rate for that fiscal year.

We finalized our proposal to apply our previously finalized scoring methodology to the proposed Nursing Staff Turnover measure. We will award up to 10 points based on achievement, and up to nine points based on improvement, so long as the SNF meets the case minimum for the measure. The higher of these two scores would be the SNF's score for the measure for FY 2026, except in the instance that the SNF does not meet the case minimum for the measure during the applicable baseline period, in which case that SNF would only be scored on achievement for the measure. As previously finalized, we will then add the score for each of the four measures for which the SNF met the case minimum to get the raw point total. The maximum raw point total for the FY 2026 program year would be 40 points. We will then normalize each SNF's raw point total, based on the number of measures for which that SNF met the case minimum, to get a SNF Performance Score that is on a 100-point scale using our previously finalized normalization policy.

As previously noted, the adoption of the Falls with Major Injury, DC Function, and Long Stay Hospitalization measures will result in the FY 2027 program year measure set including eight measures. We will continue to use the current scoring methodology for all measures. We will award up to 10 points based on achievement and up to nine points based on improvement for each measure. The maximum raw point total for the FY 2027 program year will be 80 points. Similar to the FY 2026 program year, we will normalize the SNF's raw point total based on the number of measures for which the SNF met the case minimum.

Belonging to a racial or ethnic minority group; living with a disability; being a member of the lesbian, gay, bisexual, transgender, queer, and intersex communities; living in a rural area; being a member of a religious minority; being near or below the poverty level; or being dually enrolled in Medicare and Medicaid, is often associated with worse health outcomes. Advancing health equity is a key pillar of CMS' strategic vision, and we are working to advance health equity by designing, implementing, and operationalizing policies and programs aimed at identifying and reducing health disparities. Prioritizing the achievement of health equity is essential in the SNF VBP Program because disparities in SNFs appear to be widespread, from admissions to quality of care, to nurse staffing and turnover. We have finalized our proposal to adopt a scoring methodology change to reward excellent care for vulnerable populations by SNF providers in the SNF VBP Program. Specifically, we have finalized awarding bonus points to high performing SNFs with higher proportions of residents with dual eligibility status, or DES, in the SNF VBP Program Health Equity Adjustment, those who are eligible for both Medicare and Medicaid coverage.

Individuals with dual eligibility status, DES, are those eligible for both Medicare and Medicaid coverage. Individuals with DES are more likely to have disabilities or functional impairments, more likely to be medically complex, more likely to have greater social needs, and have a greater risk of negative health outcomes compared to individuals without DES.

They are also more likely to be admitted to SNFs that have lower staffing levels, have a higher share of residents who are enrolled in Medicaid in their total resident population, and experience resource constraints. However, we believe SNFs and all providers across all settings can consistently perform well even when caring for a high proportion of individuals who are underserved, and with the right program components, VBP programs can create meaningful incentives for SNFs that serve a high proportion of individuals who are underserved to deliver high quality care.

The goal of this Health Equity Adjustment is to not only appropriately measure performance by rewarding SNFs that overcome the challenges of caring for higher proportions of SNF residents with DES but also to incentivize those who have not achieved such high-quality care to work towards improvement. We are going to adopt the Health Equity Adjustment beginning with the FY 2027 program year. We have finalized the proposal to define the term "underserved population" as residents with DES for the purpose of the Health Equity Adjustment. It would be calculated using a methodology that considers both the SNF's performance on the SNF VBP Program measures and the proportion of residents with DES out of the total resident population in a given program year at each SNF. To be eligible to receive HEA bonus points, a SNF's performance would need to meet or exceed a certain threshold, and its resident population during the applicable performance period for the program year would have to include at least 20% of residents with DES. Thus, SNFs that perform well on quality measures and serve a higher proportion of SNF residents with DES would receive a larger adjustment. By providing this HEA to SNFs that serve higher proportions of SNF residents with DES and that perform well on quality measures, we believe we can appropriately recognize the resource intensity expended to achieve high performance on quality measures by SNFs that serve a high proportion of SNF residents with DES, while also mitigating the worse health outcomes experienced by underserved populations through incentivizing better care across all SNFs.

We will be calling this adjustment the Health Equity Adjustment, and, as mentioned earlier, we will be adopting it beginning with the FY 2027 program year.

We finalized that each measure would be assessed independently, and a SNF performing in the top tier for one measure would be assigned two points for that measure even if they are not a top tier performing SNF for any other measure. A top tier performing SNF has a performance during the program year that is in the top third, greater than or equal to the 66.67th percentile, of the performance of all SNFs on the measure during the same program year. We will also assig a Measure Performance Scaler for each SNF that would be equal to the total number of assigned points that the SNF earns on all measures as a result of its performance for a maximum of 16 points for the eight measures currently finalized in the program.

Table 19 in the final SNF PPS rule provides examples of how many Performance Scaler Points a SNF can earn based on their performance. In the example, SNF 1 is in the top third for every measure and therefore can earn two points for each of the eight measures resulting in a total of 16 Performance Scaler Points. In contrast, SNF 4 only was in the top third for performance in one measure and therefore only earns two Performance Scaler Points

Step Two, calculate the Underserved Multiplier. We propose to calculate an Underserved Multiplier, which we propose to define as the number representing the SNF's proportion of residents with DES out of its total resident population in the applicable program year, translated using a logistic exchange function. The primary goal of the adjustment is to appropriately measure performance by rewarding SNFs that are able to overcome the challenges of caring for high proportions of residents with DES while still providing high quality care. By utilizing a logistic exchange function to calculate the Underserved Multiplier, we would provide SNFs who care for the highest proportions of SNF residents with DES with the most HEA bonus points. This results in a structure of the logistic exchange function resulting in SNFs with lower proportions of residents with DES with smaller Underserved Multipliers than their actual

proportion of residents with DES, and those SNFs with higher proportions of SNF residents with DES will have Underserved Multipliers higher than their proportion of SNF residents with DES. As you see on the table here, utilizing a logistic exchange function results in a lower rate of increase at the beginning and the end of the curve. As mentioned earlier, SNFs would receive an underserved multiplier of 0 if the SNF's proportions of SNF residents with DES is less than 20%, thereby establishing a ''floor'' on the magnitude of the SNF's Underserved Multiplier proportion in order for the SNF to be eligible for any HEA bonus points.

Step Three, we then calculate the HEA bonus points that apply to a SNF for a program year by multiplying the measure performance scaler by the Underserved Multiplier. We believe that combining the measure performance scaler and the Underserved Multiplier to calculate the HEA bonus points allows for us to reward those SNFs with high quality that are also serving high proportions of SNF residents with DES, while incentivizing other SNFs to improve their performance and serve more SNF residents with DES in order to earn more HEA bonus points. Table 20 in the SNF PPS final rule provides examples of how many Performance Scaler Points a SNF can earn based on their performance; Although SNF 1 had 16 Performance Scaler Points, the proportion of residents they serve is only 50% dual, resulting in an Underserved Multiplier of 0.22 based on the logistic exchange function, resulting in a total of 3.52 HEA bonus points. In contrast, SNF 2 has 14 Performance Scaler Points, but its proportion of residents they serve was 70% duals giving it an Underserved Multiplier of 0.78 based on the logistic exchange function, resulting in a total of 10.92 HEA bonus points. Finally, SNF 3 has 10 points but, because the proportion in their residents is under 20%, they are assigned a 0 for the Underserved Multiplier for a total of 0 HEA bonus points

Step Four, add HEA bonus points to the normalized sum of all points awarded for each measure. Finally, we would add a SNF's HEA bonus points as calculated in Step Three to the normalized sum of all points awarded to a SNF for each measure.

This normalized sum would be the SNF Performance Score earned by the SNF for the program year, except that we would cap the SNF's Performance Score at 100 points to ensure the HEA creates a balanced incentive that has the potential to increase the SNF Performance Score without dominating the score and creating unintended incentives. Table 21 displays how the HEA bonus points are simply added to the normalized sum of all points awarded to a SNF for each measure for four example SNFs. The SNF performance score is then included in the SNF VBP final step of converting the SNF performance score into a payment adjustment using logistic exchange function as mentioned in the established SNF VBP payment adjustment methodology

As part of our ongoing monitoring and evaluation efforts associated with the SNF VBP Program, we have considered whether to revise the program's payback percentage policy to support the HEA. In conjunction with the HEA bonus points, we will increase the total amount available for a fiscal year to fund the value-based incentive program beginning with the FY 2027 program year. Starting with the FY 2027 program year, we will be increasing the payback to approximately 66% to accommodate the Health Equity Adjustment. Using a variable approach, will help ensure that SNFs who do not receive an HEA will be unaffected to the greatest extent possible by the addition of the HEA. The payback percentage will fluctuate year to year depending on the results of the SNF performance on the measures and how that interacts with their proportion of residents with DES.

After considering our existing validation process and the data sources for the new measures, we finalized the proposal to apply the existing SNFRM validation process to all claims-based measures; apply the existing PBJ data validation process to SNF VBP measures that use PBJ data as the data source; and adopt the validation process that would apply to SNF VBP measures that use the MDS data as the data source. This will include auditing up to 10 records a year from up to 1500 SNFs a year.

For example, for validation in the FY 2027 SNF VBP Program, we would choose up to 1500 SNFs that submitted at least one MDS record in calendar year 2024 or were participating in the FY 2026 SNF VBP Program in the FY 2024 performance year. I want to emphasize that more details on the MDS validation process will be finalized in future rulemaking cycles.

I will now turn the presentation back over to Donna for the question and answer session.

Donna Bullock: Thank you, Chris. Here's our first question. It's really more than one question. So, here we go. Are there additional details available about the MDS validation policy? For example, will the SNF need to send a copy of the entire medical record? What will happen if MDS is found to be not aligned with the data from the medical record? How will a facility be notified of the results of the audit, and will there be an appeal process for facilities that disagree with the results?

Christ Palmer: Thanks, Donna. That was a great series of questions about the MDS validation. As I just mentioned in the presentation there, the validation of the MDS data for the SNF VBP Program will begin with the FY 2027 program year and the FY 2025 performance period. We will select up to 1500 SNFs a year that submitted at least one MDS record in calendar year 2024 or were participating in the FY 2026 SNF VBP Program and FY 2024 performance period for validation in FY 2025. In the FY 2025 performance period, we would include the validation contractor requesting up to 10 randomly selected medical charts from each SNF. As I emphasized at the end of the presentation, we will have much more detailed information concerning the policy as part of future rulemaking and the applicable FAQs.

Donna Bullock: Thanks, Chris. Here's one that's a little shorter. Why doesn't my SNF have an August Performance Score Report in the SNF VBP folder on iQIES?

Chris Palmer: That's another great question and timely since we just sent out those August Performance Score Reports last month. One of the most common reasons for not having a report in iQIES is the absence of any eligible stays during the reporting period. If a facility does not have any eligible stays during the reporting period or if it permanently closes, you would not receive a report in iQIES, and you would not receive an incentive payment multiplier, and you would receive the adjusted federal per diem rate for that program year. Your performance in the program would not be publicly reported in the facility-level and national, aggregate-level results files on the CMS-specified website. If you don't think these apply to you, and you should be having a report that you are not seeing, please reach out to our SNF VBP Program help desk at SNFVBP@RTI.org.

Donna Bullock: Thank you, Chris. Here's another report question. My facility did not receive a performance score or an incentive payment multiplier. Instead, these values were dashes or blanks. Is this an error?

Chris Palmer: That's another good report question. No. In this instance, that would not be an error. As we mentioned, in our FY 2023 and FY 2024 SNF VBP final rules, we finalized a case minimum policy for the SNFRM and removed the existing Low-Volume Adjustment policy. Starting with the FY 2023 program year, SNFs must have a minimum of 25 eligible stays for the SNFRM during the applicable performance period to be eligible to receive a performance score on that measure. If you don't meet the SNFRM minimum in the performance period, you are excluded from the SNF VBP Program, payments to your SNF would not be affected by the SNF VBP Program, and you wouldn't receive an incentive payment multiplier for the FY 2024 program year; instead, these SNFs will receive their adjusted federal per diem rate. The annual Performance Score Reports for these SNFs will contain a "---" for all data, including the performance score and incentive payment multiplier.

Donna Bullock: OK, thank you. Here's an HEA question. Why is CMS not utilizing other metrics like ADI or LIS to calculate the underserved population for the HEA?

Chris Palmer: That's another good question about the HEA. Currently, there is a considerable amount of literature linking DES to negative health outcomes in the SNF setting. We are concerned that including the ADI or residents eligible as part of our definition of ''underserved'' in the HEA is premature until more research is conducted linking these indicators to negative health outcomes specifically in the SNF setting. We would like to note that our definition of DES includes partial dual eligibility, and so many residents that would be included by utilizing the LIS are already included in our finalized definition of DES. We also do intend to consider these and other indicators as we explore additional ways to incorporate health equity into the SNF VBP Program and are interested in hearing feedback from stakeholders on this topic.

Donna Bullock: Thank you. We have time for one more question. It is also an HEA question. The HEA only helps SNFs that are already performing well. How will the program help SNFs that care for large proportions of underserved populations and are not in the top third of performance?

Chris Palmer: Thanks, Donna. This is also a really good question. The HEA is intended to reward high quality performance and not solely adjust for resident population. We do not intend to reward lower quality performance, but we believe that our finalized HEA incentivizes lower performing facilities to improve their quality scores. We also agree that it is important to advance health equity in other ways, which is why as part of this year's rule we included a Request for Information on additional ways to incorporate health equity into the SNF VBP Program. As you mentioned in that last question, we are very interested in hearing feedback you may have on how else we can incorporate potential changes to the program in order to ensure all SNFs are able to provide high quality care to their residents.

Donna Bullock: OK. That is all the time we have for questions today.

On this next slide, we have some resources that you can access. You can find and compare skilled nursing facilities on the CMS Care Compare website.

General information about the program can be found on the SNF VBP Program pages of the CMS website, and you can also access the most recent version of the SNF VBP Program FAQs on this CMS website. Lastly, any questions that you have about the SNF FVBP Program may be directed to the SNF VBP help desk at SNFVBP@RTI.org.

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That concludes today's presentation. Please remember that a copy of the slides and the webinar recording will be available in the near future on the Quality Reporting Center website. That's QualityReportingCenter.com. Then, just click the SNF VBP tab at the top of the page. Thank you very much for attending our webinar today. Enjoy the rest of your day.