



## **Outpatient Quality Program Systems and Stakeholder Support Team**

### **Overview of Finalized SNF VBP Program Proposals from the FY 2023 SNF PPS Final Rule**

#### **Presentation Transcript**

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**Donna Bullock:** Welcome to today's webinar, *Overview of Finalized SNF VBP Program Proposals from the FY 2023 SNF PPS Final Rule*. My name is Donna Bullock, and I will be the moderator for today's event. Our speaker today is Alex Laberge, a Senior Policy Advisor for the CMS Post-Acute Care Value-Based Purchasing Programs, Division of Chronic and Post-Acute Care, Quality Measurement and Value-Based Incentives Group at the Center for Clinical Standards and Quality

This event will provide an overview of the major provisions in the Fiscal Year 2023 Skilled Nursing Facility Prospective Payment System Final Rule for the SNF Value-Based Purchasing Program.

At the end of this presentation, participants will be able to locate the Fiscal Year 2023 SNF PPS Final Rule on the *Federal Register* website and identify finalized updates for the SNF VBP Program within the final rule.

Here is a list of acronyms that may be used in this presentation.

Before we begin, I'd like to make a few announcements. This program is being recorded. The recording will be available in the near future in the SNF VBP section of the Quality Reporting Center website. That's [www.QualityReportingCenter.com/](http://www.QualityReportingCenter.com/). Click the SNF VBP button at the top of the page. If you registered for this event, a link to the slides was sent out to you via email. If you did not receive that email, you can download the slides in the SNF VBP section of the Quality Reporting Center website, [www.QualityReportingCenter.com](http://www.QualityReportingCenter.com). Questions about today's event should be submitted to the SNF VBP Program Help Desk at [SNFVBP@rti.org](mailto:SNFVBP@rti.org). I would now like to turn the presentation over to our speaker. Alex, the floor is yours.

**Alexandre Laberge:** Good afternoon. I would like to thank all of you for joining us today for the overview of SNF VBP Program finalized proposals from the FY 2023 SNF PPS Final Rule. Today, we will begin with a review of the program's origin, how the current program operates, and recently finalized proposals related to the expansion of the SNF VBP Program.

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

The SNFRM measures the rate of all-cause, unplanned hospital readmissions for SNF patients within 30 days of discharge from a prior hospital stay. The SNFRM measure is calculated as a risk-standardized readmission rate (RSRR); risk adjustment accounts for patient-level risk factors, including clinical and demographic characteristics. Measure results are inverted, so higher rates indicate better results.

Each SNF's performance score is transformed into an incentive payment percentage using a logistic (or S-shaped) exchange function, which is used to calculate the SNF's incentive payment on each Medicare claim. The level of the incentive is based on the redistribution of 60 percent of the 2-percent withhold from all SNF part A FFS Medicare payments.

Now, we will review the finalized proposals for the SNF VBP Program.

On August 3, 2022, CMS issued the FY 2023 SNF PPS Final Rule that would update policies for the SNF VBP Program. It is available in the *Federal Register* on the included link on pages 47559–47597. As discussed in the FY 2023 proposed rule, we remain concerned about the effects of the PHE for COVID-19 on our ability to assess performance on the SNFRM in the SNF VBP Program. In the FY 2022 SNF PPS Final Rule, we adopted a quality measure suppression policy for the duration of the PHE for COVID-19.

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That enables us to suppress the use of the SNFRM for purposes of scoring and payment adjustments in the SNF VBP Program if we determine that circumstances caused by the PHE for COVID-19 have affected the measure and the resulting performance scores significantly.

We also adopted a series of Measure Suppression Factors to guide our determination of whether to propose to suppress the SNF readmission measure for one or more program years that overlap with the PHE for COVID-19. CMS finalized the suppression of SNFRM for the FY 2023 SNF VBP Program program year, under Measure Suppression Factor 4: Significant national shortages or rapid or unprecedented changes in patient case volumes or facility-level case mix. CMS will provide quarterly confidential feedback reports to SNFs and publicly report the SNFRM rates for the FY 2023 SNF VBP Program program year. However, CMS will make clear in the public presentation of those data that the measure has been suppressed for purposes of scoring and payment adjustments because of the effects of the PHE for COVID-19 on the data. As explained in the FY 2023 finalized rule, CMS's measure suppression policy focuses on a short-term, equitable approach during this unprecedented PHE, and it was not intended for indefinite application. As 2022 presents a more promising outlook in the fight against COVID-19, CMS will resume the use of the SNFRM for scoring and payment adjustment purposes beginning with the FY 2024 Program.

In addition, CMS will modify the SNFRM beginning with the FY 2023 SNF VBP Program program year by adding a claims based risk-adjustment variable for both COVID-19 during the prior proximal hospitalization (PPH) and patients with a history of COVID-19. This maintains the integrity of the measure model and allows the measure to appropriately adjust for SNF patients with COVID-19.

The Consolidated Appropriations Act of 2021 allows the Secretary to add up to nine new measures to the SNF VBP Program with respect to payments for services furnished on or after October 1, 2023. These measures may include measures of functional status, patient safety, care coordination, or patient experience.

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In considering which measures might be appropriate to add, CMS requested public comment on potential future measures in the FY 2022 SNF PPS Proposed Rule. CMS considered this input as they continue to develop quality measure proposals for the SNF VBP Program.

CMS finalized the proposal to adopt the SNF Healthcare-Associated Infections (HAI) Requiring Hospitalization measure, beginning with the FY 2026 SNF VBP Program as proposed. Addressing HAIs in SNFs is particularly important as several factors place SNF residents at increased risk for infections, including increased age, cognitive and functional decline, use of indwelling devices, frequent care transitions, and close contact with other residents and healthcare workers. HAIs are most often the result of poor processes and structures of care. A 2014 report from the Office of the Inspector General estimated that one in four adverse events among SNF residents is due to HAIs, and approximately half of all HAIs are potentially preventable. This is likely to result in poor health care outcomes and are associated with longer lengths of stay, use of higher-intensity care, increased mortality and higher health care costs. Given the effects of HAIs, preventing and reducing their occurrence in SNFs is critical to delivering safe and high quality care. The goal of this measure is to identify SNFs that have notably higher rates of HAIs acquired during SNF care, when compared to their peers and to the national average HAI rate.

Because a “lower is better” rate could cause confusion among SNFs and the public, CMS will invert SNF HAI measure rates, like the approach used for the SNFRM, for scoring. Specifically, CMS will invert SNF HAI measure rates using the following calculation: SNF HAI Inverted Rate equals 1 minus the facility’s SNF HAI rate. The SNF HAI measure is currently included in the SNF Quality Reporting Program (QRP). The claims-based measure is calculated entirely using administrative data. Therefore, it would not impose any additional data collection or submission burden for SNFs. CMS finalized the proposal to adopt FY 2022 as the baseline period and FY 2024 as the performance period for the SNF HAI measure for the FY 2026 SNF VBP Program.

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CMS also finalized the proposal to adopt the Total Nursing Hours per Resident Day Staffing measure for the FY 2026 program and subsequent years. Staffing is a crucial component of quality care for nursing home residents. Studies have found a strong, positive relationship between staffing and quality outcomes, including hospitalizations, pressure ulcers, weight loss and functional status. This is a structural measure that uses auditable electronic data reported to CMS's Payroll Based Journal (PBJ) system. Because the measure is currently used in the Nursing Home Five-Star Quality Rating System, inclusion of this measure in the program does not add reporting or administrative burden to SNFs.

CMS finalized the adoption of the Discharge to Community measure for the fiscal year 2027 program. Residents discharged to community settings, on average, incur lower costs over the recovery episode compared with those discharged to institutional settings. This is an important outcome from a resident and family perspective. This measure is calculated using Medicare FFS claims data, which does not require SNFs to report any additional data.

Here is an overview of the now finalized SNF VBP Program measures and the applicable fiscal years.

For the FY 2025 SNF VBP Program, CMS previously finalized FY 2019 as the baseline period for the SNFRM. However, CMS is concerned about using data impacted by COVID-19 for the FY 2025 baseline period for scoring and payment purposes. Therefore, CMS finalized their proposal to use a baseline period of FY 2019 for the FY 2025 program year. This period will provide sufficiently valid and reliable data for evaluating SNF performance. It captures a full year of data, including any seasonal effects.

For the SNF HAI measure, CMS finalized a 1-year performance period. They adopted FY 2024, which is October 1, 2023, through September 30, 2024, as the FY 2026 program's performance period. They finalized to automatically adopt the performance period for a SNF VBP Program program year by advancing the beginning of the performance period by 1 year from the previous program year's performance period.

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For the baseline period, CMS finalized a 1-year baseline period; adoption of FY 2022 (October 1, 2021, through September 30, 2022) as the FY 2026 program baseline period; and to automatically adopt the baseline period for a SNF VBP Program program year by advancing the beginning of the baseline period by 1 year from the previous program year's baseline period.

For the Total Nurse Staffing measure, CMS finalized the following for the performance period: a 1-year performance period; adoption of FY 2024 (October 1, 2023 through September 30, 2024) as the performance period for the FY 2026 program year; and to automatically adopt the performance period for a SNF VBP Program program year by advancing the beginning of the performance period by 1 year from the previous program year. For the baseline period CMS proposed a 1-year baseline period; adoption of FY 2022 (October 1, 2021 through September 30, 2022) as the FY 2026 program baseline period; and to automatically adopt the performance period for a SNF VBP Program program year by advancing the beginning of the performance period by 1 year from the previous program year.

For the Discharge to Community measure, CMS finalized the following: For the performance period, CMS finalized a 2-year performance period; adoption of FY 2024 through FY 2025 (October 1, 2023–September 30, 2025) as the FY 2027 program performance period; and to automatically adopt the performance period for a SNF VBP program year by advancing the beginning of the performance period by 1 year from the previous program year' performance period. For the baseline period, CMS finalized a 2-year baseline period; adoption of FY 2021 through FY 2022 (October 1, 2020–September 30, 2022) as the FY 2027 program baseline period; and to automatically adopt the baseline period for a SNF VBP Program program year by advancing the beginning of the baseline period by 1 year from the previous program year's baseline period.

Here is a table that summarizes the new SNF VBP Program measures and their first baseline and performances periods.

CMS finalized the fiscal year 2025 SNF VBP Program performance standards for the SNFRM. The achievement threshold is 0.79139.

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The benchmark is 0.82912. In fiscal year 2025, to receive an achievement score for the SNFRM, a SNF's rate must be at least 0.79139, the achievement threshold. SNFs that score 0.82912 or better will receive an achievement score of 100 points.

Due to the impacts of the PHE, CMS finalized a special scoring policy for the FY 2023 program year. CMS will use data from the previously finalized performance period (FY 2021) and baseline period (FY 2019) to calculate each SNF's RSRR for the SNFRM and assign all SNFs a performance score of 0. This will result in all participating SNFs receiving an identical performance score, as well as an identical incentive payment multiplier. SNFs will not be ranked for the FY 2023 SNF VBP Program. SNFs that do not meet the case minimum for the SNFRM for FY 2023 will be excluded from the program for FY 2023.

CMS finalized the establishment of case and measure minimums that SNFs must meet to be included in the program for a given program year. SNFs that meet the minimum requirements would be included in the SNF VBP Program, receive a SNF performance score, and be eligible to receive a value-based incentive payment. SNFs that do not meet the minimum requirements would be excluded from the SNF VBP Program and would not be subject to a payment reduction.

CMS has finalized that, beginning with the FY 2023 program year, SNFs must have a minimum of 25 eligible stays during the applicable 1-year performance period. Beginning with FY 2023 program, SNFs that do not meet this case minimum requirement during the performance period would be excluded from the affected program year, provided there are no other measures specified for the affected program year.

CMS finalized the following case minimums: For the SNF HAI measure, a minimum of 25 eligible stays during the applicable 1-year performance period is required beginning with FY 2026. The Total Nurse Staffing measure requires a minimum of 25 residents, on average, across all available quarters during the applicable 1-year performance period beginning with FY 2026.



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The DTC PAC SNF measure requires a minimum of 25 eligible stays during the applicable 2-year performance period beginning in FY 2027.

As finalized, the SNF VBP Program will consist of three quality measures in FY 2026. For FY 2026, SNFs must have the minimum number of cases for two of the three measures during the performance period to receive a performance score and value-based incentive payment. As finalized, the SNF VBP Program will consist of four measures in FY 2027. For FY 2027, SNFs must have the minimum number of cases for three of the four measures during the performance period to receive a performance score and value-based incentive payment. SNFs that do not meet these minimum requirements will be excluded from the SNF VBP Program for the applicable fiscal year. Excluded SNFs will receive their full federal per diem rate for that fiscal year.

CMS is also finalizing our proposal to update our policy beginning with the FY 2026 program year. Under this updated policy, we will not award improvement points to a SNF on a measure for a program year if the SNF has not met the case minimum for that measure during the baseline period that applies to the measure for the program year. That is, if a SNF does not meet a case minimum threshold for a given measure during the applicable baseline period, that SNF will only be eligible to be scored on achievement for that measure during the performance period for that measure for the applicable fiscal year. For example, if a SNF has fewer than the minimum of 25 eligible stays during the applicable 1-year baseline period for the SNF HAI measure for FY 2026, that SNF would only be scored on achievement during the performance period for the SNF HAI measure for FY 2026, so long as that SNF meets the case minimum for that measure during the applicable performance period.

Because the case and measure minimum policies will ensure that SNFs participate in the program for a program year only if they have sufficient data for calculating accurate and reliable measure rates and SNF performance scores, we do not believe there is a continuing need to apply the low volume adjustment (LVA) policy beginning with FY 2023.

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Accordingly, we finalized the proposal to remove the LVA policy from the program beginning with the FY 2023 program year.

CMS finalized the proposal to update the achievement and improvement scoring methodology. A SNF may earn a maximum of 10 points on each measure for achievement and 9 points for improvement. For the purposes of determining these points, CMS is proposing the following definitions: The benchmark is the mean of the top decile of SNF performance on the measure during the baseline period; The achievement threshold is the 25th percentile of national SNF performance on the measure during the baseline period.

CMS finalized the proposal to award achievement points to SNFs based on their performance period measure rate for each measure according to the following formula: 9 times the ratio of the difference between the performance period rate and the achievement threshold and the difference between the benchmark and the achievement threshold plus 0.5. If the rate is equal to or greater to the benchmark, there are 10 points for achievement. If the rate is less than the achievement threshold, there are 0 points for achievement. If the rate is equal to or greater than the achievement threshold, but less than the benchmark, there are between 0 and 10 points.

CMS has also finalized the proposal to award improvement points to SNFs based on their performance period measure rate according to the following formula: 10 times the ratio of the difference between the SNF's performance period rate and the SNF's baseline period rate and the difference between the benchmark and the SNF baseline period rate minus 5. If the rate is equal to or lower than its baseline period measure rate, there are 0 points for improvement. If the rate is equal to or equal to or higher than the benchmark, there are 9 points for improvement. If the rate is greater than its baseline period rate but less than the benchmark, there are 0 to 9 points.

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Beginning in FY 2026, CMS will score SNF performance on achievement and improvement for each measure, and they will award them the higher of the two scores to be included the SNF performance score. CMS will then sum each SNFs' measure points and normalize them to arrive at a SNF performance score that ranges between 0 and 100 points. All measures in the expanded SNF VBP Program would be weighted equally. CMS intends to consider whether they should group the measures into domains and weight them, similar to the Hospital VBP Program.

In the fiscal year 2023 proposed rule, CMS requested feedback on potential future proposals for the SNF VBP Program, including staffing turnover measures in a future program year, the National Healthcare Safety Network (NHSN) COVID-19 Vaccination Coverage Among Healthcare Personnel measure in a future program year, updates to the SNF VBP Program exchange function; validation of SNF measures and assessment data, and measurement of improving health equity with a SNF VBP Program approach. CMS thanks all contributors for their comments. We will take them into consideration as future proposals are developed.

**Donna Bullock:** Thanks so much, Alex. On this slide, there are some SNF VBP resources and the links you can use to access them.

That concludes today's presentation. Please click the link on this slide to take a short survey. Remember that a copy of the slides and the webinar recording will be available in the near future on our website, [www.QualityReportingCenter.com](http://www.QualityReportingCenter.com). That's [www.QualityReportingCenter.com](http://www.QualityReportingCenter.com). Click on the SNF VBP tab at the top of the page. Please submit any questions about the SNF VBP Program to the SNF VBP Program Help Desk at [SNFVBP@rti.org](mailto:SNFVBP@rti.org). Thank you very much for attending our webinar today.