PUBLICATION

Value-Based Payments Transition to Post-Acute Care: The FY 2016 Skilled Nursing PPS Rule [Ober|Kaler]

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CMS published the final FY2016 Skilled Nursing Facility Prospective Payment System rule [PDF] on August 4, 2015. In addition to updating the overall payment rate, the new rule implements key features of the Protecting Access to Medicare Act of 2014 (PAMA) (Pub. L. 113-93) and the Improving Medicare Post-Acute Care (IMPACT) Act of 2014 (Pub. L. 113-185). Although the payment rules are effective October 1, 2015, other requirements implemented with this final rule have later deadlines.

Payment Rate Updates

The overall economic impact is an estimated increase of $430 million in payments to skilled nursing facilities (SNFs) in FY 2016. The final rule implements a 2.3% market basket increase for FY 2016, which along with a 0.6% downward adjustment for forecasting errors and a 0.5% downward adjustment for productivity, results in a total effective 1.2% increase.

Value-Based Purchasing: PAMA Implementation

PAMA requires that CMS specify a SNF all-cause, all-condition hospital readmission measure by October 1, 2015 and an all-condition risk-adjusted potentially preventable hospital readmission rate by October 1, 2016. By October 1, 2017, readmissions performance data will be available on CMS' Nursing Home Compare website. By 2018, value-based payment incentives will be available to SNFs, and other performance measures will be implemented through FY 2019. CMS noted in its response to comments that it lacks the authority to implement a hold-harmless reporting period under the current law. CMS also stated that it will work to integrate the SNF value-based purchasing program with the ACO program and other value-based payment incentive programs.

For purposes of the 2016 implementation of an all-cause, all-condition readmission measure, CMS will use the SNF 30-Day All Cause Readmission Measure (NQF 2510). This measures the risk-standardized rate of all-cause, all-condition unplanned inpatient hospital readmissions of Medicare fee-for-service patients to a hospital, critical access hospital, or psychiatric hospital within 30 days of discharge. Due to the use of already available claims data, SNFs will not be required to submit any additional information.

CMS invited comments on other aspects of the value-based purchasing program, such as whether implementing programs similar to the Hospital-Acquired Conditions Program or the Hospital Readmissions Reduction Program would be useful in SNFs.

Quality Reporting: IMPACT Implementation

CMS specified three measures for required quality reporting: (i) Functional status, cognitive function, and changes in function and cognitive function; (ii) Skin integrity and changes in skin integrity; and (iii) Incidence of major falls. These measures will be based on NQF measures and collected via the MDS QIES system. Data

collection will begin October 1, 2016, with a reduction in rates for SNFs that fail to submit the required date beginning in FY 2018.

Submission of Staffing Information

Facilities will be required to submit payroll data on direct-care staffing to CMS, as established in 42 C.F.R. § 483.75(u). Further clarification regarding who is and who is not a "Direct Care Staff" was included in the final rule. Submissions must be made quarterly, with an effective date of July 1, 2016, for this requirement.

Ober|Kaler's Comments

Coordinating care between acute- and post-acute settings is already a major area of focus in existing value-based purchasing programs. With the implementation of SNF value-based purchasing, it may be easier for acute and post-acute providers to align around quality issues such as readmission reduction. Providers should expect some adjustment to the measures used to determine quality as CMS hones its observations. Providers should also be prepared for increased public scrutiny as granular quality data becomes publicly available. Providers are advised to review and modify compliance plans to further focus on quality by conducting rigorous internal auditing and monitoring of quality measures.