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perspectives

***An Analysis and Commentary on Federal Health Care Issues
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CMS Issues Final Skilled Nursing Facility FY 2020 PPS Update

The Centers for Medicare and Medicaid Services (CMS) have issued a final rule to update the Medicare payment rates and the quality programs for skilled nursing facilities (SNFs) for FY 2020.

CMS will begin using a new case-mix model, the **Patient Driven Payment Model** (PDPM), which focuses on the patient's condition and resulting care needs rather than on the amount of care provided in order to determine Medicare payment.

CMS proposes to revise the definition of group therapy under the SNF PPS, and to implement a subregulatory process for updating the code lists (International Classification of Diseases, Tenth Version (ICD-10) codes) used under PDPM.

The rule also finalizes updates to the SNF Quality Reporting Program (QRP) and the SNF Value-Based Purchasing (VBP) Program.

The 364-page document is scheduled for publication in the ***Federal Register*** on August 6. A copy is currently available at: https://s3.amazonaws.com/public-inspection.federalregister.gov/2019-16370.pdf. This link will, of course, change upon publication.

Comment

This not an easy rule to follow. There is no table of contents, no page numbering, much old and outdated history, redundancy and a very poor layout with many missing titles and headings.

Three major concerns are present.

- Payment
- The adoption of Patient Driven Payment Model, and
- The SNF quality and value-based program elements

(1) CMS provides the following table reflecting payment increases and decreases.

Provision Description	Total Transfers
FY 2020 SNF PPS payment rate update.	The overall economic impact of this final rule is an estimated increase of $851 million in aggregate payments to SNFs during FY 2020.
FY 2020 Updates to the SNF QRP	The overall annual cost for SNFs to submit data for the SNF QRP for the provisions in this final rule is $29 million
FY 2020 SNF VBP changes.	The overall economic impact of the SNF VBP Program is an estimated reduction of $213.6 million in aggregate payments to SNFs during FY 2020.

With respect to the SNF Value-Based Purchasing Program, CMS will withhold 2.0 percent of payments from all. CMS says it estimates that "the aggregate impact will be an increase of approximately $851 million in payments to SNFs in FY 2020, resulting from the SNF market basket update to the payment rates." CMS also says that "these impact numbers do not incorporate the SNF VBP reductions that we estimate will total $527.4 million in FY 2020."

As required by statute, the program reduces SNFs' Medicare payments by 2.0 percentage points, then redistributes only 60 percent of those funds as incentive payments.

The numbers do not appear to reconcile. If $527.4 is to be withheld and 60 percent returned, that suggests a 40 percent offset of $219 million (547.4 X .40 = $218.96).

(2) Changing from the SNF RUG IV to the PDPM is complex. At least complex from a non-clinical reader's perspective. Thus, the explanation of the transition and the new classification system is difficult to comprehend.

CMS notes that "under PDPM, the total rate is calculated as a combination of six different component rates, five of which are case-mix adjusted, and given the sheer volume of possible combinations of these five case-mix adjusted components, it is not feasible to provide tables similar to those that have existed in prior rulemaking."

(3) The material regarding quality and the quality data elements are extensive. It appears CMS has adopted many changes as proposed and not as a result of comments. It's also strange to see so many comments, yet CMS says it received only 63 replies to the proposed rulemaking.

SNF PPS Rate Setting Methodology and FY 2020 Updates

SNF Market Basket Update

For FY 2020, the growth rate of the SNF market basket is now estimated to be 2.8 percent. It was proposed at 3.0 percent. The ***Affordable Care Act*** (ACA) requires the application of a multifactor productivity (MFP) adjustment.

The MFP adjustment is now estimated to be 0.4 percent, down from a proposed amount of 0.5 percent. The resulting MFP-adjusted SNF market basket update would be equal to 2.4 percent, or 2.8 percent less 0.4 percentage point.

Forecast error correction

The SNF PPS is the only PPS that requires a market basket forecast for errors. However, CMS' rule only makes corrections if the error is 0.5 percent or more. There will be no correction for FY 2020.

Wage Index

CMS says that it has used hospital inpatient wage data in developing a wage index to be applied to SNFs. CMS will continue this practice for FY 2020.

The area wage index budget neutrality factor for FY 2020 is 1.0002.

The wage index tables for this final rule can be accessed on the SNF PPS Wage Index home page, at: http://www.cms.gov/Medicare/Medicare-Fee- for-Service-Payment/SNFPPS/WageIndex.html.

Labor Share

The FY 2020 SNF labor share will be **70.9.** The current amount is 70.5 percent.

Unadjusted Federal per Diem Rates for FY 2020

Under the PDPM, the unadjusted Federal per diem rates are divided into six components, five of which are case-mix adjusted components (Physical Therapy (PT), Occupational Therapy (OT), Speech-Language Pathology (SLP), Nursing, and Non-Therapy Ancillaries (NTA)), and one of which is a non-case-mix component,

The following tables reflect the unadjusted federal rates for FY 2020, prior to adjustment for case-mix.

FY 2020 Unadjusted Federal Rate Per Diem—URBAN

Rate Component	PT	OT	SLP	Nursing	NTA	Non-Case-Mix
Per Diem Amount	$60.75	$56.55	$22.68	$105.92	$79.915	$94.84

FY 2020 Unadjusted Federal Rate Per Diem—RURAL

Rate Component	PT	OT	SLP	Nursing	NTA	Non-Case-Mix
Per Diem Amount	$69.25	$63.60	$28.57	$101.20	$76.34	$96.59

Note; All amounts above are less than were proposed.

Case-Mix Adjustment

- Column 1 of the tables below represents the character in the Health Insurance Prospective Payment System (HIPPS) code associated with a given PDPM component.

- Columns 2 and 3 provide the case-mix index and associated case-mix adjusted component rate for the relevant PT group.

- Columns 4 and 5 provide the case-mix index and associated case-mix adjusted component rate for the relevant OT group.

- Columns 6 and 7 provide the case-mix index and associated case-mix adjusted component rate, for the relevant SLP group.

- Column 8 provides the nursing case-mix group (CMG) that is connected with a given PDPM HIPPS character.

- Columns 9 and 10 provide the case-mix index and associated case-mix adjusted component rate for the relevant nursing group.

- Finally, columns 11 and 12 provide the case-mix index and associated case-mix adjusted component rate for the relevant NTA group.

PDPM Case-Mix Adjusted Federal Rates and Associated Indexes--URBAN

PDPM Group	PT CMI	PT Rate	OT CMI	OT Rate	SLP CMI	SLP Rate	Nursing CMG	Nursing CMI	Nursing Rate	NTA CMI	NTA Rate
A	1.53	$92.95	1.49	$84.26	0.68	$15.42	ES3	4.06	$430.04	3.24	$258.91
B	1.70	$103.28	1.63	$92.18	1.82	$41.28	ES2	3.07	$325.17	2.53	$202.17
C	1.88	$114.21	1.69	$95.57	2.67	$60.56	ES1	2.93	$310.35	1.84	$147.03
D	1.92	$116.64	1.53	$86.52	1.46	$33.11	HDE2	2.40	$254.21	1.33	$106.28
E	1.42	$86.27	1.41	$79.74	2.34	$53.07	HDE1	1.99	$210.78	0.96	$76.71
F	1.61	$97.81	1.60	$90.48	2.98	$67.59	HBC2	2.24	$237.26	0.72	$57.54
G	1.67	$101.45	1.64	$92.74	2.04	$46.27	HBC1	1.86	$197.01	-	-
H	1.16	$70.47	1.15	$65.03	2.86	$64.86	LDE2	2.08	$220.31	-	-
I	1.13	$68.65	1.18	$66.73	3.53	$80.06	LDE1	1.73	$183.24	-	-
J	1.42	$86.27	1.45	$82.00	2.99	$67.81	LBC2	1.72	$182.18	-	-
K	1.52	$92.34	1.54	$87.09	3.70	$83.92	LBC1	1.43	$151.47	-	-
L	1.09	$66.22	1.11	$62.77	4.21	$95.48	CDE2	1.87	$198.07	-	-
M	1.27	$77.15	1.30	$73.52	-	-	CDE1	1.62	$171.59	-	-
N	1.48	$89.91	1.50	$84.83	-	-	CBC2	1.55	$164.18	-	-
O	1.55	$94.16	1.55	$87.65	-	-	CA2	1.09	$115.45	-	-
P	1.08	$65.61	1.09	$61.64	-	-	CBC1	1.34	$141.93	-	-
Q	-	-	-	-	-	-	CA1	0.94	$99.56	-	-
R	-	-	-	-	-	-	BAB2	1.04	$110.16	-	-
S	-	-	-	-	-	-	BAB1	0.99	$104.86	-	-
T	-	-	-	-	-	-	PDE2	1.57	$166.29	-	-
U	-	-	-	-	-	-	PDE1	1.47	$155.70	-	-
V	-	-	-	-	-	-	PBC2	1.22	$129.22	-	-
W	-	-	-	-	-	-	PA2	0.71	$75.20	-	-
X	-	-	-	-	-	-	PBC1	1.13	$119.69	-	-
Y	-	-	-	-	-	-	PA1	0.66	$69.91	-	-

PDPM Case-Mix Adjusted Federal Rates and Associated Indexes—Rural

PDPM Group	PT CMI	PT Rate	OT CMI	OT Rate	SLP CMI	SLP Rate	Nursing CMG	Nursing CMI	Nursing Rate	NTA CMI	NTA Rate
A	1.53	$105.95	1.49	$94.76	0.68	$19.43	ES3	4.06	$410.87	3.24	$247.34
B	1.70	$117.73	1.63	$103.67	1.82	$52.00	ES2	3.07	$310.68	2.53	$193.14
C	1.88	$130.19	1.69	$107.48	2.67	$76.28	ES1	2.93	$296.52	1.84	$140.47
D	1.92	$132.96	1.53	$97.31	1.46	$41.71	HDE2	2.40	$242.88	1.33	$101.53
E	1.42	$98.34	1.41	$89.68	2.34	$66.85	HDE1	1.99	$201.39	0.96	$73.29
F	1.61	$111.49	1.60	$101.76	2.98	$85.14	HBC2	2.24	$226.69	0.72	$54.96
G	1.67	$115.65	1.64	$104.30	2.04	$58.28	HBC1	1.86	$188.23	-	-
H	1.16	$80.33	1.15	$73.14	2.86	$81.71	LDE2	2.08	$210.50	-	-
I	1.13	$78.25	1.18	$75.05	3.53	$100.85	LDE1	1.73	$175.08	-	-
J	1.42	$98.34	1.45	$92.22	2.99	$85.42	LBC2	1.72	$174.06	-	-
K	1.52	$105.26	1.54	$97.94	3.70	$105.71	LBC1	1.43	$144.72	-	-
L	1.09	$75.48	1.11	$70.60	4.21	$120.28	CDE2	1.87	$189.24	-	-

PDPM Group	PT CMI	PT Rate	OT CMI	OT Rate	SLP CMI	SLP Rate	Nursing CMG	Nursing CMI	Nursing Rate	NTA CMI	NTA Rate
M	1.27	$87.95	1.30	$82.68	-	-	CDE1	1.62	$163.94	-	-
N	1.48	$102.49	1.50	$95.40	-	-	CBC2	1.55	$156.86	-	-
O	1.55	$107.34	1.55	$98.58	-	-	CA2	1.09	$110.31	-	-
P	1.08	$74.79	1.09	$69.32	-	-	CBC1	1.34	$135.61	-	-
Q	-	-	-	-	-	-	CA1	0.94	$95.13	-	-
R	-	-	-	-	-	-	BAB2	1.04	$105.25	-	-
S	-	-	-	-	-	-	BAB1	0.99	$100.19	-	-
T	-	-	-	-	-	-	PDE2	1.57	$158.88	-	-
U	-	-	-	-	-	-	PDE1	1.47	$148.76	-	-
V	-	-	-	-	-	-	PBC2	1.22	$123.46	-	-
W	-	-	-	-	-	-	PA2	0.71	$71.85	-	-
X	-	-	-	-	-	-	PBC1	1.13	$114.36	-	-
Y	-	-	-	-	-	-	PA1	0.66	$66.79	-	-

Revised Group Therapy Definition

CMS is adopting, as proposed, a new definition of group therapy for use under PDPM, effective October 1, 2019.

CMS is defining group therapy in the SNF Part A setting as a qualified rehabilitation therapist or therapy assistant treating two to six patients at the same time who are performing the same or similar activities.

Updating ICD-10 Code Mappings and Lists

The PDPM utilizes ICD-10 codes in several ways, including to assign patients to clinical categories used for categorization in the PT, OT, and SLP components, as well as identifying certain comorbidities relevant for classification under the SLP and NTA components. The ICD-10 mappings and lists that will be used under PDPM, once implemented, are available on the CMS PDPM website at https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/PDPM.html.

SNF Quality Reporting Program (QRP)

SNFs that fail to submit the required quality data to CMS will be subject to a 2.0 percentage point reduction from the applicable fiscal year's annual market basket percentage update.

CMS is adopting two new measures beginning with the FY 2022 SNF QRP, as proposed. The measures are.

- Transfer of Health Information to the Provider–Post-Acute Care (PAC); and
- (2) Transfer of Health Information to the Patient–Post-Acute Care (PAC) beginning with the FY 2022 SNF QRP

In addition, CMS will update the specifications for the Discharge to Community – PAC SNF QRP measure to exclude baseline nursing facility (NF) residents from the measure.

Also, CMS is adopting a number of standardized patient assessment data elements that assess either cognitive function and mental status, special services, treatments and interventions, medical conditions and comorbidities, impairments, or social determinants of health (race and ethnicity, preferred language and interpreter services, health literacy, transportation, or social isolation).

Measures Currently Adopted

The SNF QRP currently has 11 measures for the FY 2021 program year.

Quality Measures Currently Adopted for the FY 2021 SNF QRP

Short Name	Measure Name & Data Source
Resident Assessment Instrument Minimum Data Set	
Pressure Ulcer/Injury	Changes in Skin Integrity Post-Acute Care: Pressure Ulcer/Injury.
Application of Falls	Application of Percent of Residents Experiencing One or More Falls with Major Injury (Long Stay) (NQF #0674).
Application of Functional Assessment/Care Plan	Application of Percent of Long-Term Care Hospital (LTCH) Patients with an Admission and Discharge Functional Assessment and a Care Plan That Addresses Function (NQF #2631).
Change in Mobility Score	Application of IRF Functional Outcome Measure: Change in Mobility Score for Medical Rehabilitation Patients (NQF #2634).
Discharge Mobility Score	Application of IRF Functional Outcome Measure: Discharge Mobility Score for Medical Rehabilitation Patients (NQF #2636).
Change in Self-Care Score	Application of the IRF Functional Outcome Measure: Change in Self-Care Score for Medical Rehabilitation Patients (NQF #2633).
Discharge Self-Care Score	Application of IRF Functional Outcome Measure: Discharge Self-Care Score for Medical Rehabilitation Patients (NQF #2635).
DRR	Drug Regimen Review Conducted With Follow-Up for Identified Issues–Post Acute Care (PAC) Skilled Nursing Facility (SNF) Quality Reporting Program (QRP).
Claims-Based	
MSPB SNF	Medicare Spending Per Beneficiary (MSPB)–Post-Acute Care (PAC) Skilled Nursing Facility (SNF) Quality Reporting Program (QRP).
DTC	Discharge to Community (DTC)–Post-Acute Care (PAC) Skilled Nursing Facility (SNF) Quality Reporting Program (QRP).
PPR	Potentially Preventable 30-Day Post-Discharge Readmission Measure for Skilled Nursing Facility (SNF) Quality Reporting Program (QRP).

Comment

There is no table reflecting the changes for FY 2022

CMS devotes some 230 pages discussing quality issues. The importance of CMS' quality requirements and its impact of payments cannot be overly stressed.

While CMS continues to emphasize quality over volume, one must question if the approaches being mandated are accomplishing the overarching objective. It is certainly adding burden and cost to providers.

In addressing comments on the quality issues, CMS appears to repeat many of its responses. It is though CMS' responses are "boiler plated."

The end product is to basically adopt the proposals without any changes.

SNF Value-Based Purchasing Program (VBP)

CMS adopted for the SNF VBP Program, the Skilled Nursing Facility 30-Day All-Cause Readmission Measure (SNFRM) (NQF #2510). CMS also finalized the Skilled Nursing Facility 30-Day Potentially Preventable Readmission Measure (SNFPPR) that CMS says it will use for the SNF VBP Program instead of the SNFRM as soon as practicable.

The SNFPPR utilizes a 30-day post-hospital discharge readmission window whereas the SNF QRP potentially preventable readmission measure utilizes a 30-day post-SNF discharge readmission window.

Based on the baseline period for the FY 2022 program year, CMS is estimating that the performance standards would have the numerical values noted in the table below.

Final FY 2022 SNF VBP Program Performance Standards

Measure ID	Measure Description	Achievement Threshold	Benchmark
SNFRM	SNF 30-Day All-Cause Readmission Measure (NQF #2510)	0.79025	0.82917