

# PUBLICATION

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## CMS Issues Final Rule Outlining FY17 Medicare Payment Policies and Rates for SNF PPS

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On July 29, 2016, the Centers for Medicare & Medicaid Services (CMS) released a final rule outlining FY17 Medicare payment policies and rates for the Skilled Nursing Facility Prospective Payment System (SNF PPS). The rule has been published in the [August 5 Federal Register](#) and is scheduled to take effect October 1.

### Updates to Payment Rates under the SNF Prospective Payment System (PPS)

CMS projects that aggregate payments to SNFs will increase in FY17 by \$920 million, or 2.4 percent, from payments in FY16. This estimated increase is attributable to a 2.7 percent market basket increase reduced by 0.3 percentage points, in accordance with the multifactor productivity adjustment required by law.

### Changes to the SNF Quality Reporting Program (QRP)

The Improving Medicare Post-Acute Care Transformation Act of 2014 (the IMPACT Act) added Section 1899B to the Social Security Act that requires SNFs to report data on measures that satisfy measure domains specified in the Act. This final rule adopts three measures to meet the resource use and other measure domains, and one measure to satisfy the domain of medication reconciliation.

SNFs that fail to submit the required quality data to CMS will be subject to a two percentage point reduction to the annual market basket percentage update factor for fiscal years beginning with FY18.

The quality measures finalized for the FY18 payment determination and subsequent years to meet the resource use and other measure domain are as follows:

- Medicare Spending Per Beneficiary – Post-Acute Care (PAC) SNF QRP
- Discharge to Community – PAC SNF QRP
- Potentially Preventable 30-Day Post-Discharge Readmission – SNF QRP.

The quality measure finalized for the FY20 payment determination and subsequent years to meet the medication reconciliation domain is:

- Drug Regimen Review Conducted with Follow-Up for Identified Issues

Policies and procedures on reporting timelines, preview period, review and correction of assessment-based and claims-based quality measure data, and the provision of confidential feedback reports to SNFs are also included.

### SNF Value-Based Purchasing (VBP) Program

Section 215 of the Protecting Access to Medicare Act of 2014 (PAMA) authorizes the establishment of a SNF VBP Program beginning with FY19 under which value-based incentive payments are made to SNFs based on performance.

This final rule specifies the SNF 30-Day Potentially Preventable Readmission Measure, (SNFPPR), as the all-cause, all-condition risk-adjusted potentially preventable hospital readmission measure as required by law. The SNFPPR assesses the facility-level risk-standardized rate of unplanned, potentially preventable hospital readmissions for SNF patients within 30 days of discharge from a prior admission to a hospital paid under the Inpatient Prospective Payment System, a critical access hospital or a psychiatric hospital.

**Other Policies:**

In this final rule, CMS has also finalized additional policies related to the SNF VBP Program including:

- Establishing performance standards;
- Establishing baseline and performance periods;
- Adopting a performance scoring methodology; and
- Providing confidential feedback reports to SNFs.