

PUBLICATION

SNF and IRF Proposed Changes for FY 2017 [Ober|Kaler]

2016

On August 5th, CMS published final rules updating the Medicare payment rates for skilled nursing facilities (SNFs) and inpatient rehabilitation facilities (IRFs) for FY 2017. The rules, both of which go into effect on October 1, 2016, also continue the implementation of the Improving Medicare Post-Acute Care Transformation Act (IMPACT Act) of 2014. Finally, the SNF rule continues the implementation of the value-based purchasing program authorized by the Protecting Access to Medicare Act (PAMA).

Payment Changes

Payment to SNFs will increase 2.4 percent for FY 2017. The increase reflects a 2.7 percent market basket increase less a .3 percent productivity adjustment. The IRF payment will increase 1.65 percent due to a 2.7 percent market basket increase less a .3 percent productivity adjustment and a .75 statutory decrease. The phase-out of rural adjustment payments for IRFs that were previously classified as rural but that are now considered urban will continue in FY 2017, but will cease in FY 2018. No changes will be made to facility-level adjustments.

IMPACT Implementation

The IMPACT Act focuses on standardizing patient assessment measures across post-acute care providers, particularly with regard to measures affecting quality and resource use, with the intent of facilitating better communication among such providers. Since the Act was passed, CMS has been implementing new reporting requirements for post-acute providers across the spectrum using annual payment rules as a vehicle. Noncompliant providers are subject to payment reductions of up to 2 percent of the annual payment increase.

Because one of the goals of the IMPACT Act is to standardize assessment measures, the rules for both SNFs and IRFs implement the same measures of quality. New measures that will affect the FY 2018 payment determination are as follows:

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

The following measure will affect FY 2020 payment determinations:

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

For IRFs, an additional measure, Potentially Preventable Within-Stay Readmission, will also be added to FY 2018 payment determinations.

Value-based Purchasing in SNFs

In accordance with the requirements of PAMA, SNFs will implement a value-based purchasing program in FY 2019. The law requires measurement of 30-day all-cause hospital readmissions, which CMS indicates will be measured according to National Quality Foundation measure #2510 and 30-day potentially preventable hospital readmissions. Both measures are assessed through claims data submitted by SNFs and require no additional data collection.

The rule finalizes a proposed 25 percent threshold for achievement of the quality measure. It also finalizes proposed calculation methods for the facility's achievement score and improvement score that take into account the facility's rate of readmissions under the proposed measure compared to the benchmark.

Ober|Kaler's Comments

Post-acute providers will continue to feel increased scrutiny of quality measures in coming years. CMS will publicize quality measures for these facilities annually. Further, under various alternative payment models, achievement of quality targets will affect post-acute care providers' ability to participate in bundled payment programs that prioritize high quality metrics. These providers should focus their efforts on achieving and exceeding identified quality measures as CMS designates them each year.