



Skilled Nursing Facility Value-Based Purchasing (SNF VBP) Program

Outpatient Quality Reporting Systems and Stakeholder Support Contractor

Overview of SNF VBP Program Proposals from the FY 2025 SNF PPS Proposed Rule Presentation Transcript

Speakers

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Donna Bullock: Hello. Welcome to today's event, *Overview of the SNF VBP Program Proposals from the FY 2025 SNF PPS Proposed Rule*. Before we begin, I would like to make a few announcements. This program is being recorded and will be available in the SNF VBP section of the [Quality Reporting Center website](#) in the upcoming weeks; that website is www.QualityReportingCenter.com. If you registered for this event, a link to the slides was sent out a few hours ago. If you did not receive that email, you can download the slides from the Quality Reporting Center website. During the webinar, you can also download the slides from the Handouts link.

Our speaker today is Chris Palmer, SNF VBP Coordinator, Division of Chronic and Post Acute Care, Quality Measurement and Value-Based Incentives Group, Center for Clinical Standards and Quality (CCSQ), Centers for Medicare & Medicaid Services, or CMS. My name is Donna Bullock, and I am the SNF VBP Program Lead for the Outpatient Quality Program Systems and Stakeholder Support contractor. I will be the moderator for today's event.

This event will provide an overview of the major provisions of the fiscal year 2025 Skilled Nursing Facility PPS proposed rule for the SNF VBP Program.

At the end of this presentation, participants will be able to locate the fiscal year 2025 SNF PPS proposed rule text, identify proposed changes for the SNF VBP Program within the fiscal year 2025 SNF PPS proposed rule, identify the time period for submitting public comments to CMS on the fiscal year 2025 SNF PPS proposed rule, and submit formal comments to CMS regarding proposals.

These acronyms may be used during this presentation.

We will not be taking any questions today. Because CMS must comply with the Administrative Procedure Act, we are not able to provide additional information, clarification, or guidance related to the proposed rule.

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We encourage stakeholders to submit comments or questions through the formal comment submission process, as described later in this webinar. I would now like to turn the presentation over to our speaker, Chris Palmer. Chris, the floor is yours.

Christopher Palmer: Thanks, Donna. Good afternoon, everyone. I would like to thank all of you for joining us today for the *Overview of SNF VBP Proposals from the FY 2025 SNF PPS Proposed Rule*. We will begin with a review of the program's origin and the current program's status. We will then discuss the proposals for the upcoming program years, all of which are included with greater detail in the FY 2025 SNF proposed rule.

As a reminder, Section 215 of the Protecting Access to Medicare Act of 2014, or PAMA, established the SNF VBP Program. The program awards incentive payments to SNFs for quality of care provided to Medicare beneficiaries. It is currently measured by the SNF 30-Day All-Cause Readmission Measure, or the 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. All SNFs paid under Medicare's SNF PPS are included in the SNF VBP Program.

First, a quick reminder on how the program currently works: For FY 2025, the VBP is based on a single measure, the SNFRM, and it measures the rate of all-cause, unplanned hospital readmissions for SNF patients within 30 days of discharge from a prior hospital stay. The SNFRM is calculated as a risk-standardized readmission rate, or RSRR; and risk adjustment accounts for patient-level risk factors, including clinical and demographic characteristics. The measure results are inverted, so higher rates indicate better results. For example, the Inverted Rate would be 1 minus the RSRR. If you had a rate of 0.15, your Inverted Rate would be 0.85.

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The Achievement Score is points awarded by comparing the facility's rate during the performance period with the performance of all SNFs nationally during the baseline period through performance standards. The achievement threshold is equal to the 25th percentile of all SNF performance on the SNFRM during the program year's applicable baseline period. The benchmark is equal to a mean of the top deciles of all SNF performances on the SNFRM during the program year's applicable baseline period. CMS calculates both performance standards using inverted RSRR. A SNF will get 0 points if their rate is worse than achievement threshold. A SNF will get 1 to 99 points if their rate is equal to or better than the achievement threshold, but worse than the benchmark. It would receive 100 points if their rate was better or equal to the benchmark.

The Improvement Score is points awarded by comparing the facility's rate during the performance period with its own previous performance during the baseline period. Similarly, a SNF will get 0 points if their rate is worse than own baseline period RSRR. It would receive 0 to 90 points if their rate is better than own baseline period rate, but worse than the benchmark. It would receive 90 points if their rate is better than own baseline period rate and better than the benchmark period rate. I would note that SNFs with fewer than 25 eligible stays during the baseline period will not receive an improvement score and would only be scored on achievement.

The greater of these two scores of a SNF's achievement or improvement score would become the SNF's Performance Score for that program year. The maximum SNF Performance Score in FY 2025 is 100 points.

We then take each SNF's performance score and transform it into an incentive payment percentage using a logistic, or S-shaped curve, exchange function, which is used to calculate the incentive payment that is included on each SNF claim. The level of the incentive is based on the redistribution of 60 percent of the 2-percent withhold from all SNF Part A Fee for Service Medicare payments.

For example, if a SNF's multiplier was greater than 1, the SNF would earn more than their 2-percent withhold.

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If it was equal to 1, the SNF would earn the full 2-percent withhold. If the SNF's multiplier was less than 1, they would receive less than the 2-percent withhold.

I will now provide an overview of the major proposals for the SNF VBP Program that are included in the fiscal year 2025 SNF PPS proposed rule.

On April 3, 2024, CMS published the FY 2025 SNF PPS proposed rule that would update policies for the SNF VBP Program. It is available on the *Federal Register* on pages 23470 to 23477. You can access the proposed rule using the link provided on this page. CMS encourages public comments on proposals. To assure consideration, comments must be received at one of the addresses provided on the next slide by May 28, 2024. Comments, including mass comment submissions, must be submitted in one of the three ways listed.

Comments may be submitted electronically using the website [Regulations.gov](https://www.regulations.gov). You can follow the Submit a Comment instructions to submit electronically, or you can submit comments by regular mail ONLY to the address provided on this slide, or you may provide comments by express or overnight mail, sending written comments to the below address only. Please only choose one of these ways listed to submit your comments. Remember, that is by May 28 of this year.

There are a handful of major proposals we are looking to adopt as part of this year's proposed rule, which I will discuss on the forthcoming slides. These include adopting a measure selection retention and removal policy that aligns with policy that CMS adopted in other CMS quality programs, a technical measure update policy, adopting the measure minimum policy for the FY 2028 program year and subsequent program years which we have adopted for the FY 2027 program year, applying Phase 1 of our review and correction policy to all claims-based measures as well as the program measures which are calculated using Payroll-Based Journal or Minimum Data Set measures, updates around our Extraordinary Circumstance Exception policy, as well as several updates to our regulation text to align with previously finalized definitions and policies.

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First, I will go over the current SNF VBP Program measures.

First, a quick reminder on the SNF VBP Program measures which we have recently added to the program over the last year few years. While the program only contains the SNFRM for this year, program expansion is on the horizon. As a part of the FY 2023 SNF PPS final rule, we finalized the addition of three new measures to the SNF VBP Program, in addition to the SNFRM. These include the SNF HAI measure and the Total Nurse Staffing measure, which will begin in the FY 2026 program year and the DTC PAC will begin in the FY 2027 program year.

Then, as part of last year's final rule, we added an additional four new measures to the SNF VBP Program, bringing the total number of measures in the program to eight. These include the Nursing Staff Turnover measure, which will begin with the FY 2026 program year, and three additional measures that will begin with the FY 2027 SNF VBP Program year: Falls with Major Injury measure, the DC Function measure, and the Number of Hospitalizations per 1,000 Long Stay Resident Days measure.

In the FY 2024 SNF PPS final rule, we also replaced one quality measure. Beginning with the fiscal year 2028 program year, the SNFRM measure will be replaced by the SNF Within-Stay Potentially Preventable Readmission measure as statutorily required.

This handy table contains all of the current SNF VBP Program measures and the timeline for their inclusion in the program, and this can be found in the SNF VBP Quick Reference Guide. You can download the SNF VBP Quick Reference Guide using the link provided on this slide. As you can see, while the FY 2024 and FY 2025 program years only rely on the SNF 30-Day, All-Cause Readmission measure, FY 2026 and onward will involve the expanded SNF VBP Program, which we are all very excited about.

Now, we will go through the proposals in this year's rule. The first involves aligning our measure selection policy with CMS quality programs. This involves aligning our measure selection and retention policy with CMS's other quality programs.

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The measure in the SNF VBP Program would be automatically retained for inclusion unless we propose it for removal or replacement. We would utilize notice and comment rulemaking for any potential changes. We would have the authority to promptly remove measures if they pose resident safety concerns. There are eight potential removal factors that we have included in this year's proposed rule. They would be adopted in alignment with other CMS quality programs. We also plan on codifying the policy in regulations and transparently notifying SNFs and the public about any potential measure changes.

The second proposal is a technical measure update policy. This would allow us to incorporate technical updates to our measure specifications through our subregulatory processes and use our technical updates which would not substantially affect the measure's calculation methodology. This aims to ensure that the SNF VBP measure specifications would remain up to date and ensure fair comparisons in SNF performances between the baseline period and the performance period. Any potential substantial measure updates, those that significantly alter a measure, would continue to be proposed and adopted through rulemaking. This policy would also expand our performance standards correction policy by allowing updates to the numerical values if a measure's specifications were technically updated between the time the performance standards were published and the time SNF performance was calculated at the end of the performance period. We aim to ensure that the performance standards calculated using up-to-date measure specifications and any subregulatory updates would be communicated to SNFs through various channels. This proposal aligns with similar practices that are in place in the Hospital VBP Program and will be codified in SNF VBP regulations as well.

The third is adopting the FY 2027 program year measure minimum which we finalized last rulemaking cycle in FY 2028 and subsequent program years. This means SNFs must report a minimum number of cases for at least four out of our eight program measures during the performance period to receive a performance score and value-based incentive payment.

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The proposal aims to maintain consistency and reliability in SNF performance scores while ensuring maximum program participation. Analyses we have done indicate that fewer SNFs would be excluded under this proposal compared to FY 2027 due to a change in the measures. We would also suggest periodic reassessment of this policy to align with program goals. We invite public feedback on its implementation for FY 2028 and beyond.

We will reassess this policy if the total number of measures is revised. We have some potential room to increase the number of measures, up to 10. We would make further updates in future rulemaking if needed to this proposed policy.

We also plan to apply Phase 1 review and correction policy to our claims-based PBJ- and MDS-based measures. This proposal aims to enhance the accuracy and timeliness of measures in the program, particularly those based on the MDS data. We would limit Phase 1 corrections for claims-based measures to the errors made by CMS or our contractors while calculating measure rates. Corrections to underlying administrative claims data would be reflected in our quarterly confidential feedback reports. We proposed that SNFs must submit any claims correction requests to our MACs before the snapshot dates, which I'll get to on the next slide. Any corrections to the underlying MDS data would have to be made by iQIES before their proposed snapshot date, which we have posted tentatively set for February 15 or four and a half months after the end of the applicable baseline or performance period.

On this slide, we have our proposed snapshot dates for the claims- and PBJ-based measures. For the SNF HAI measure, the PDC PAC measure, and the SNF Within-Stay PPR measure, the snapshot date would be three months following the last SNF discharge in the applicable baseline period or performance period. For the Long Stay Hospitalization measure, it would be three months following the final quarter of the applicable baseline period or performance period. For the PBJ-based measure, it would be 45 calendar days after the last day in the fiscal quarter.

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For the MDS measures, the Falls with Major Injury, or DC Function measures, it would be the four and a half months after the end of the applicable baseline or performance period.

Proposal Number 5 is the expansion of our Extraordinary Circumstance Exception, or ECE, criteria. This would allow SNFs to request an ECE for reasons beyond just affecting resident care and performance measures. SNFs would be able to request an ECE if they are unable to report SNF VBP data on one or more measures by the specified deadline due to extraordinary circumstances. This adjustment would aim to prevent penalizing SNFs for circumstances outside their control and aligns the SNF VBP ECE policy with existing policies for the SNF Quality QRP and Home Health QRP programs. If granted, the ECE would result in the calculation of a SNF performance score that excludes data from the affected measure(s) during the months impacted by the extraordinary circumstance.

We believe that this policy would add flexibility to SNFs facing exceptional challenges and would ensure fair program evaluation despite unforeseen circumstances, as well as offering consistency across CMS's quality reporting programs.

We are also proposing to update the process for how SNFs to request an ECE for the SNF VBP Program beginning with FY 2025. Instead of using a form, as you currently do, SNFs will email specific information to a Help Desk, including details about the circumstance, its impact, and a proposed date for compliance. This aims to align with the current SNF QRP ECE submission process, as well.

We are also proposing some regulation text updates for the SNF VBP Program. These updates include correcting cross-references, updating definitions, aligning terminology, and adding new paragraphs to accommodate changes in measures and validation processes. Specifically, we aim to replace the Skilled Nursing Facility Potentially Preventable Readmissions measure with the Skilled Nursing Facility Within-Stay Potentially Preventable Readmission measure and update other terminology for consistency.

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We would also remove obsolete references, and clarify the measure set for each program year.

Finally, in the proposed rule, we have provided an update on our ongoing health equity work in the SNF VBP Program. I will stress we are not proposing these measures on this slide at this time for inclusion in the program, but we are continuing to work on determining additional ways to incorporate health equity into the SNF VBP and would appreciate your feedback on them. These include analysis we have done on them this year related to a high social risk factor and their inclusion in the program, as well as other potential approaches for including health equity in the SNF VBP.

Now, we will go over the performance standards which we have included in this year's proposed rule.

As required, we have proposed the estimated numerical values for the performance standards for the FY 2027 and FY 2028 program years. They can be found in Tables 31 and 32 of the proposed rule and are available on this slide for your review. Finally, we look forward to public comment on all of our proposals as part of this year's rule, and we are looking forward to your feedback. Now, I will turn it back to Donna.

Donna Bullock:

Thanks, Chris. On this slide are some SNF VBP resources and the links you can use to access them. You can find and compare Skilled Nursing Facilities on the CMS Care Compare website. General information about the program can be found on the SNF VBP Program pages of the CMS website. You can access the most recent version of the Skilled Nursing Facility Value-Based Purchasing Program Frequently Asked Questions document on the CMS website, as well, using the link provided on this slide. Lastly, if you have any questions about the SNF VBP Program, they may be directed to the SNF VBP Help Desk, which is SNFVBP@rti.org.

That concludes today's presentation. Remember that a copy of the slides is available on the Quality Reporting Center website, QualityReportingCenter.com.

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The recording will also be available in the near future. Click on the SNF VBP tab at the top of the page. Thank you very much for attending our webinar, and enjoy the rest of your day.