CliftonLarsonAllen

# Regulatory Advisor Volume Seven

## Highlights of the 2018 Final Rule for Skilled Nursing Facilities


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On July 31, 2017, the Centers for Medicare and Medicaid Services (CMS) released its skilled nursing facility (SNF) final rule for fiscal year 2018 (FY18). This final rule updates the 2018 payment rates for the SNF Prospective Payment System (SNF PPS), in addition to updating the quality reporting program (QRP), and the SNF value-based purchasing (VBP) program.

## Payment update

In accordance with the *Medicare Access and CHIP Reauthorization Act of 2015* (MACRA), there will be a 1 percent SNF payment increase for FY18. This results in a $370 million increase in Medicare payments to SNFs. To see your facility's rates you can utilize the 2018 SNF Medicare RUG-IV PPS rate calculator.

## Quality reporting program (QRP)

The *Improving Medicare Post-Acute Care Transformation Act of 2014* (IMPACT) requires SNFs to report data on quality measures for specific domains. These uniform data elements from the minimum data set (MDS) can also be found in the assessment instruments used by other post-acute care providers such as long-term care hospitals (LTCH), inpatient rehabilitation facilities (IRF), and home health agency (HHA) providers. These data elements are to be used in the calculation of three quality measures currently in use by the SNF QRP:

- Application of percent of residents experiencing one or more falls with major injury
- Percent of patients or residents with pressure ulcers that are new or worsened
- Application of percent of LTCH patients with an admission and discharge function assessment and a care plan that addresses function

Within this FY18 final rule, CMS has replaced the current pressure ulcer measure with an updated version of the measure. In addition, starting in FY20, CMS is adopting four new measures that address the functional status of patients. These four new quality measures are:

- Change in self-care score for medical rehabilitation patients
- Change in mobility score for medical rehabilitation patients
- Discharge self-care score for medical rehabilitation patients
- Discharge mobility score for medical rehabilitation patients

SNFs that fail to submit the required quality data to CMS for at least 80 percent of the assessments used for the quality measures will be subject to a 2 percent reduction to their annual payment update for FY18 and beyond.

## Skilled nursing facility value-based purchasing program

Section 215 of the *Protecting Access to Medicare Act of 2014* (PAMA), which begins in FY19, results in a mandatory 2 percent reduction to SNF Medicare payments. Sixty percent of the reduction will be returned to SNFs based on improvement of their quality scores. CMS anticipates that 40 percent of SNFs will not receive any of the 2 percent withheld due to their low quality scores. The additional reimbursement provided to the highest performing 60 percent of SNFs will apply to all services furnished on or after October 1, 2018. CMS is also considering replacing its SNF 30-day, all-cause readmission measure with a skilled nursing potentially preventable readmission measure. The date of this change has not been finalized, but indications are that it may not go into effect until 2021.

## How we can help

As you can see, the reporting requirements and payment mechanisms for SNFs are becoming increasingly complex. CliftonLarsonAllen can help you determine how these changes will impact your organization, navigate the requirements, and help you become compliant with the new reporting regulations.

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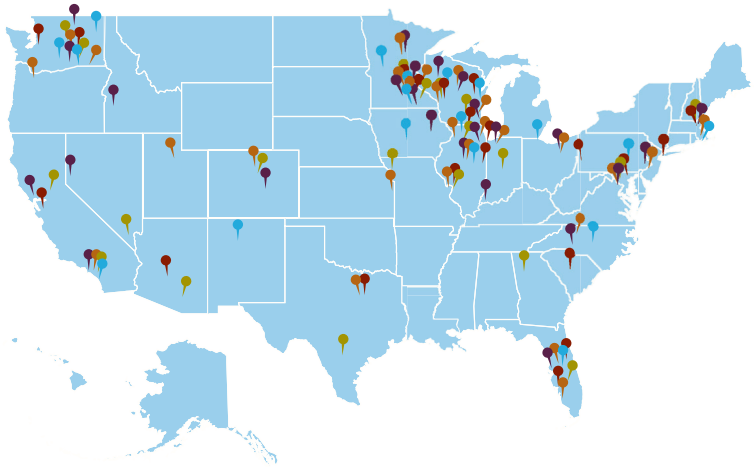

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